

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

2021

Energy to inspire the world



COMPANY PROFILE

Snam is the leading European operator in the transport and storage of natural gas with an infrastructure capable of enabling the hydrogen transition.

Snam manages a transmission network of approximately 41,000 km between Italy, Austria, France, Greece and the United Kingdom and holds 3.5% of the world's storage capacity. It is among the top ten Italian listed companies in terms of market capitalisation.

With 80 years of experience in the development and management of networks and plants, it guarantees security of supply and promotes the energy transition in the areas it passes through. In addition to transport and storage, Snam is also one of the main operators in the regasification of LNG. The company is also active in Asia, Middle East and North America.

Snam is committed to renewing its own infrastructure with hydrogen-ready standards and to developing integrated projects along the green gas value chain, with investments in biomethane, hydrogen, sustainable mobility and energetic efficiency. It also creates new green areas through a benefit company focused on forestation projects.

Snam has set a target of zero net CO₂ equivalent Scope 1 and 2 emissions by 2040 and a target of reduced indirect Scope 3 emissions (subsidiaries, suppliers) by 2030.

www.snam.it

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

2021



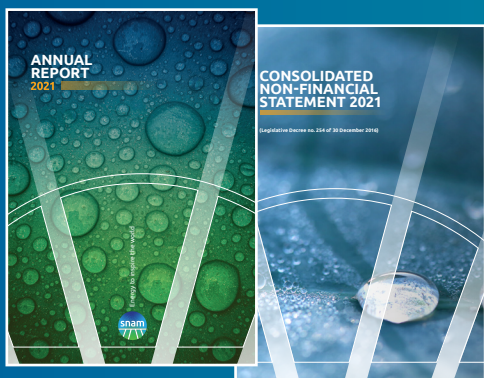
Pursuant to Article 123-bis of Legislative Decree No. 58 of 24 February 1998.
Issuer: Snam S.p.A.
Website: www.snam.it
Year to which the Report refers: 2021
Date of approval of the Report: 16 March 2022

Snam's Reports

"INTEGRATED REPORTING MEANS INTEGRATED THINKING"

Snam has been following, for some time, a path of integration of the reporting processes based on the assumption that "integrated reporting means integrated thinking". This approach has allowed for an organic and integrated approach to meet the demands of all stakeholders and shareholders, proposing comprehensive, transparent and responsible corporate reporting and providing a complete view of the activities, performance and challenges that Snam faces today.

Mandatory

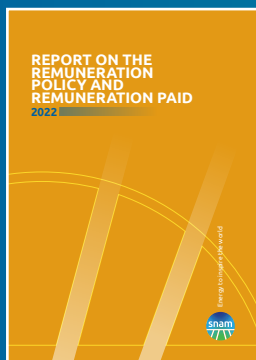


ANNUAL REPORT

It provides a comprehensive view of financial and non-financial performance through the information contained in the Report on Operations - Integrated Report, the Non-Financial Statement prepared in accordance with Legislative Decree 254/2016, in the Consolidated and Annual Financial Statements.

CONSOLIDATED NON-FINANCIAL STATEMENT

It provides information on the company's management and organisational methods, policies, risks and how they are managed, and performance on sustainability issues relevant to the Group. The document, drawn up in accordance with Legislative Decree 254/2016, is a specific section of the Annual Financial Report.



REPORT ON THE REMUNERATION POLICY AND REMUNERATION PAID

It describes the Company's Remuneration Policy of Directors and Executives specifying the goals, the involved bodies, the procedures for its adoption and implementation in addition to the remuneration paid.

Voluntary



SUSTAINABILITY REPORT

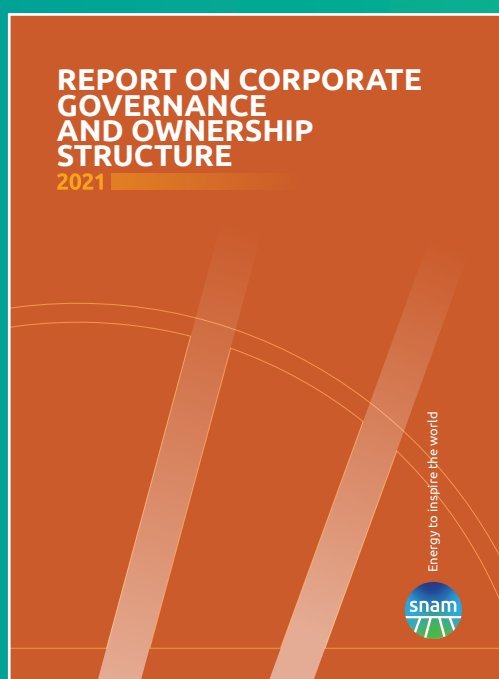
It describes performances and future goals regarding the environmental, social and governance topics (ESG), strengthening the relationship and collaboration with all the stakeholders of the Company.



CLIMATE CHANGE REPORT

It describes the Company's governance, strategy and scenarios, risks and opportunities, metrics and targets for climate change management, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

FOCUS ON



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

The Report on Corporate Governance and Ownership Structure 2021 (the “Report”) is intended to be a journey of discovery for Snam, describing the implementation of the Corporate Governance Code, and is mainly concerned, in the respective Sections, with presenting the Company, providing information on its ownership structure, illustrating the structure of the corporate governance system adopted by Snam and illustrating the structure of the internal control and risk management system adopted by the Company. The Report is preceded by an “Executive Summary” specifying the main elements characterising the corporate governance system.

The Report has been prepared in accordance with the “Format for the Report on Corporate Governance and Ownership Structure” issued by Borsa Italiana S.p.A. (9th Edition of January 2022), the 9th Report on the application of the Corporate Governance Code by the Italian Corporate Governance Committee of Borsa Italiana, “2021 Report on the evolution of corporate governance in listed companies”, and 2021 report entitled “Corporate Governance in Italy: the implementation of the Italian Corporate Governance Code” of Assonime, March 2022.

Finally, the Report contains a check-list through which identify the sections of the Report in which it is illustrated, for each principle and recommendation of the Corporate Governance Code, the application or non-application of the same by Snam.

INTRODUCTION

Information on the corporate governance system and ownership structure of Snam S.p.A. ("**Snam**" or the "**Company**") contained in this Report refer, unless otherwise expressly indicated, to the 2021 financial year¹, except as provided for in Section V in respect of any changes occurring after the end of the financial year.

The Report is designed to provide a means for the discovery of Snam, describing the implementation of the Corporate Governance Code. Its various Sections provide:

- an introduction to the Company;
- information on its ownership structure;
- a description of the structure of the corporate governance system adopted by the Company;
- a description of the structure of the internal control and risk management system adopted by the Company.

The Report² is preceded by an Executive Summary specifying the main elements characterising the corporate governance system.

The Report was drafted in accordance with:

- the "*Format for the Report on Corporate Governance and Ownership Structure*" issued by Borsa Italiana S.p.A. ("**Borsa Italiana**") (9th Edition of January 2022)³;
- the 9th Report on the application of the Corporate Governance Code of the Italian Corporate Governance Committee of Borsa Italiana, "*2021 report on the evolution of the corporate governance of listed companies*";
- and 2021 report entitled "*Corporate Governance in Italy: the implementation of the Italian Corporate Governance Code*" of Assonime, March 2022.

Since its listing on the screen-based equity market (*mercato telematico azionario* – now Euronext Milan) organised and managed by Borsa Italiana in 2001, Snam has been compliant with the recommendations of the Corporate Governance Code – lastly amended in January 2020 – in its various successive versions published over time⁴. Annex 1 of Section VI – Summary Tables, contains a checklist for identifying the sections of the Report which indicate whether or not Snam applies each principle and recommendation of the Corporate Governance Code.

Contacts

Snam values discussion with its investors and aims to establish a constructive dialogue to ensure constant improvement in Snam's entity in multiple respects; therefore, it invites readers to use the contact details specified below for clarifications or requests for information:

Legal, Governance, Compliance & ERM

Tel: +39 02.3703.7435

Fax: +39 02.3703.7631

Corporate Affairs

segreteria societaria@snam.it

¹ Pursuant to Article 123- bis, paragraphs 1, 2 and 3 of Legislative Decree No. 58 of 24 February 1998.

² The Report is published in the "*Conduct and Governance*" section of the Company's website.

³ The Borsa Italiana format is available here in Italian: <https://www.borsaitaliana.it/comitato-corporate-governance/documenti/format2022.pdf>.

⁴ The adoption of the Corporate Governance Code is voluntary and issuers may decide not to apply all or part of its recommendations. However, the reasons for any non-application must be indicated in the report on corporate governance, in accordance with the comply-or-explain principle set forth in Article 123- bis, paragraph 2, lett. a), of the Consolidated Financial Act and in the same Corporate Governance Code.

GLOSSARY

ARERA: Autorità di Regolazione per Energia Reti (the Italian Regulatory Authority for Energy, Networks and Environment)

Borsa Italiana: Borsa Italiana S.p.A.

Corporate Governance Code: corporate governance code approved in January 2020 by the Corporate Governance Committee, promoted by Borsa Italiana, ABI, ANIA, Assogestioni, Assonime and Confindustria. The Code is applicable from the first financial year beginning after 31 December 2020. The text is available at: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020-eng.en.pdf>

Consob: Commissione Nazionale per le Società e la Borsa (the Italian National Stock Exchange Supervisory Commission)

Subsidiaries (or “Controlled companies”): the following companies are subsidiaries of Snam: Snam Rete Gas S.p.A.; Stocaggi Gas Italia S.p.A. - Stogit; GNL Italia S.p.A.; Infrastrutture Trasporto Gas S.p.A.; Snam International B.V.; Arbolia S.p.A. Benefit Company; Gasrule Insurance DAC; Enura S.p.A.; Snam 4 Mobility S.p.A.; Snam 4 Environment S.r.l.; Renovit S.p.A.; Cubogas S.r.l.; IES Biogas S.r.l.; IES Biogas S.r.l. (Argentina); Copower S.r.l. in liquidazione; Enersi Sicilia S.r.l.; TEP Energy Solutions S.r.l.; Tea Innovazione Due S.r.l.; T.lux S.r.l.; Snam Gas & Energy Services (Beijing) Co. Ltd.; Snam Middle East BV; Snam International UK; Snam North America LLC; Renerwaste S.r.l.; Renerwaste Lodi S.r.l.; Ecoprogetto Milano S.r.l.; Ecoprogetto Tortona S.r.l.; Iniziative Biometano S.p.A.; Miec S.p.A. and Evolve S.p.A.; Asset Company 2 S.r.l.; Asset Company 4 S.r.l.; Asset Company 9 S.r.l.; Asset Company 10 S.r.l.; Asset Company 11 S.r.l.; Asset Company 7 BV.

Non-Financial Statement: the consolidated non-financial statement, drafted pursu-

ant to Legislative Decree No. 254 of 2016, which, to the extent necessary to ensure an understanding of the company’s business, its performance, results and impact, covers environmental, social and personnel-related issues, respect for human rights and the fight against active and passive corruption, which are relevant in view of the Company’s activities and characteristics

Financial Reporting Officer: Financial Reporting Officer pursuant to Article 154-bis of the Consolidated Financial Act

Legislative Decree No. 231 of 2001: Legislative Decree No. 231 of 8 June 2001, “*Rules governing administrative liability of legal entities, companies and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of 29 September 2000*”

Legislative Decree No. 254 of 2016: Legislative Decree No. 254 of 30 December 2016, “*Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, containing the amendment to Directive 2013/34/EU concerning the disclosure of non-financial information and of information on diversity by certain businesses and by certain large groups*”

Issuer, Snam or the Company: Snam S.p.A.

Group or Snam Group: Snam and its Subsidiaries

Anti-Bribery Laws: the provisions of the Italian Criminal Code relating to corruption, Law No. 190 of 6 November 2012 and related provisions of the Italian Civil Code, Law No. 69 of 27 May 2015, Legislative Decree No. 231 of 2001, and the other applicable provisions, as amended, the Foreign Court Practices Act, the UK Bribery Act, the other public law and commercial law regulations against corruption that are in force around

the world, and the international anti-corruption treaties, such as the OECD Convention on combating bribery of foreign public officials in international business transactions, the UN Convention against corruption and the European Criminal Law Convention on corruption

231 Model: the organisation, management and control model adopted by Snam pursuant to the Italian legislation on the *“liability of entities for administrative offences relating to crimes”* contained in Legislative Decree No. 231 of 2001

Unbundling Regulations: European and national provisions on functional and/or ownership unbundling that apply to all operators in the electricity and natural gas sectors. Specifically: Directive 2009/73/EC, Legislative Decree No. 93 of 1 June 2011, and the Prime Ministerial Decree of 25 May 2012, as amended by the Prime Ministerial Decree of 15 November 2019, containing *“Criteria, terms and conditions for the adoption of the ownership unbundling model of the company Snam S.p.A. pursuant to Article 15 of Law No. 27 of 24 March 2012”*

Supervisory Body: the supervisory body established pursuant to Legislative Decree No. 231 of 2001

RAB: Regulatory Asset Base, i.e. the value of the net capital invested, calculated according to the rules established by ARERA for transport and regasification companies for the purpose of determining the reference revenue

2022 Corporate Governance Recommendations: the recommendations of the Chair of the Corporate Governance Committee contained in the letter of 3 December 2021 and circulated to the Chairs of the Boards of Directors of listed companies

Issuers Regulations: regulations issued by Consob by means of Resolution No. 11971 of 14 May 1999, as subsequently amended and modified, relating to issuers

Related Parties Transaction Regulations: regulations issued by Consob by means of Resolution No. 17221 of 12 March 2010, as subsequently amended and modified, concerning related-party transactions

Report: this report on corporate governance and ownership structure pursuant to Article 123-bis of TUF

The Company’s website: www.snam.it

External Auditors: Deloitte & Touche S.p.A. (or Deloitte)

Stakeholders: shareholders, investors, gas system operators, employees, suppliers, etc.

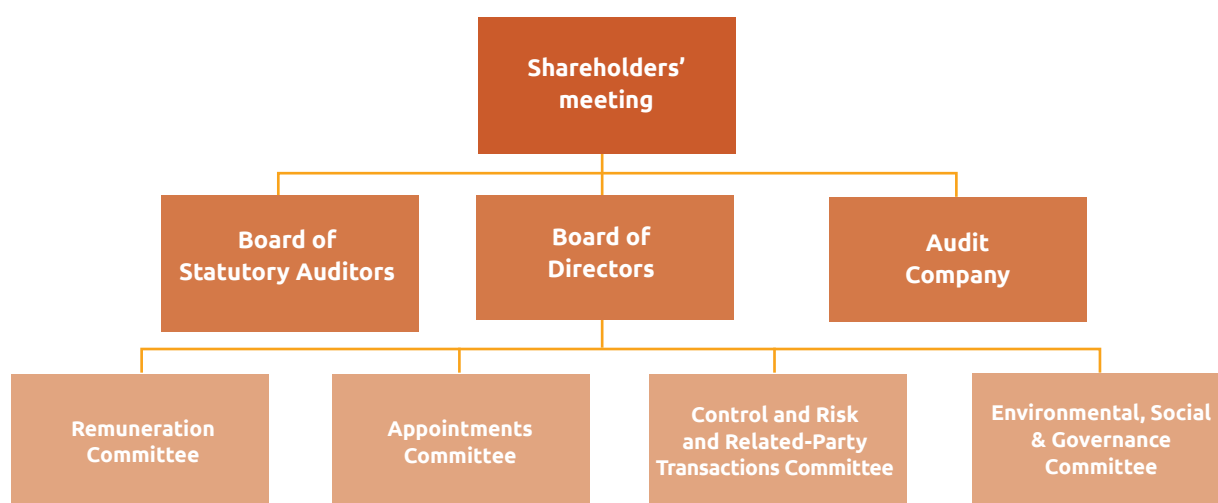
Consolidated Financial Act (or “TUF”): Legislative Decree No. 58 of 24 February 1998, as subsequently amended and modified

TABLE OF CONTENTS

10	EXECUTIVE SUMMARY
22	SECTION I SNAM INTRODUCES ITSELF
38	SECTION II SNAM'S OWNERSHIP STRUCTURE
52	SECTION III – SNAM'S CORPORATE GOVERNANCE SYSTEM
104	SECTION IV – SNAM'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM
138	SECTION V – ANY CHANGES TO THE CORPORATE GOVERNANCE STRUCTURE THAT OCCURRED AFTER THE END OF THE FINANCIAL YEAR
140	SECTION VI – SUMMARY TABLES
145	Annexes

EXECUTIVE SUMMARY

CORPORATE GOVERNANCE



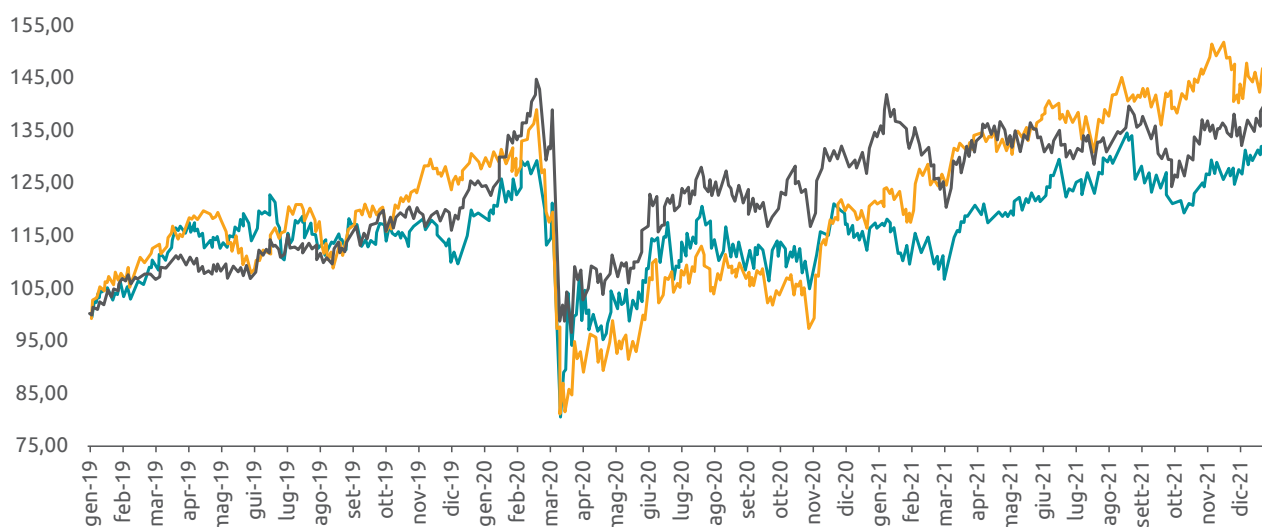
MAIN COMPANY HIGHLIGHTS

Figures in millions €	2019	2020	2021	DELTA	% change 2020-2021
Total revenues	2,606	2,770	3,297	527	19.0
Operating profit (EBIT)	1,452	1,380	1,423	43	3.1
Net profit (a)	1,090	1,101	1,496	395	35.9
Net indebtedness	11,923	12,887	14,021	1,134	8.8
Capitalisation at 31/12 (b)	15,428	15,046	17,343	2,297	15.3
Employees	3.025	3.249	3.430	181	5,6
Sector	Utility				

(a) Entirely attributable to Snam shareholders.

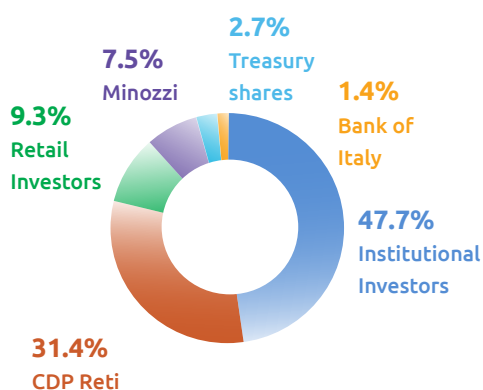
(b) Product of the number of outstanding shares (exact number) by the official price per share as of 31 December 2021.

STOCK PERFORMANCE, 2019 – 2021

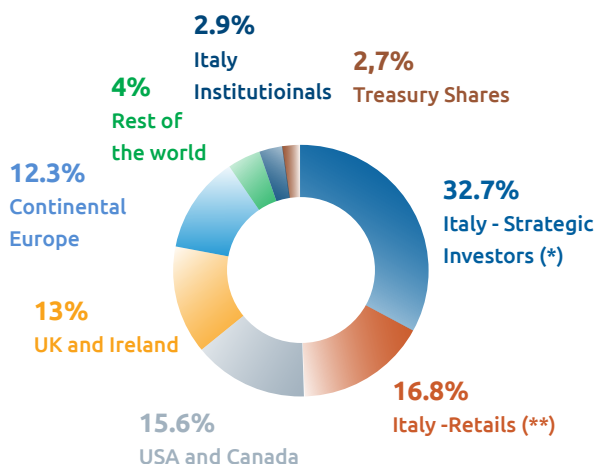


SHAREHOLDING STRUCTURE AND REPRESENTATION (AS OF 31 DECEMBER 2021)

Snam shareholding structure



Shareholding by geographical area



* Italian strategic shareholders include the Bank of Italy and CDP Reti

** Italian retail shareholders include the direct and the indirect interest of Romano Minozzi

OTHER SHAREHOLDING CHARACTERISTICS

	Yes/No	% of the share capital
Shareholders' agreement	Yes	31.4%
Majority voting	No	
Shareholding of the senior management	Yes	0.0307%
Shareholding threshold for the submission of lists	Yes	0.5%
Shareholding of Italian institutional and strategic investors	Yes	35.6%
Shareholding of foreign institutional investors	Yes	44.9%

COMPOSITION OF THE BOARD OF DIRECTORS

STRUCTURE OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2021

Director	Office held	Role	M/m	CCROPC	CR	AC	ESGC
Nicola Bedin	Chair	Independent (pursuant to TUF/Code)	M (1)				
Marco Alverà	CEO	Executive	M				
Laura Cavatorta	Director	Independent (pursuant to TUF/Code)	m			X	C
Francesco Gori	Director	Independent (pursuant to TUF/Code)	m	C			
Yunpeng He (2)	Director	Non-executive	M				X
Antonio Marano	Director	Independent (pursuant to TUF/Code)	M	X		C	
Francesca Pace	Director	Independent (pursuant to TUF/Code)	M	X	C		
Rita Rolli	Director	Independent (pursuant to TUF/Code)	m		X		X
Alessandro Tonetti	Director	Non-executive	M		X	X	

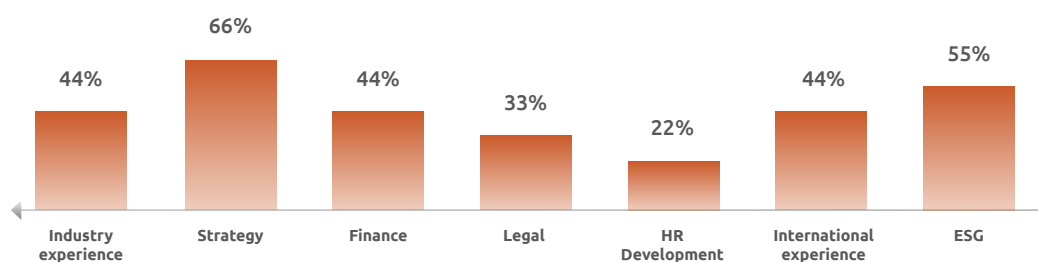
CRRPTC: The Control and Risk and Related-Party Transactions Committee; CR: Remuneration Committee; CN: Nomination Committee, ESGC: Environmental, Social & Governance Committee

M: Majority list; m: minority list; C: Chair

(1) appointed by the Ordinary Shareholders' Meeting of 18 June 2020 on the proposal of the shareholder CDP Reti S.p.A.

(2) director replaced, following his resignation due to intervened professional commitments, on 17 February 2022, by appointment by cooptation by the Board of Directors of Qinjing Shen (see Section V)

EXPERTISE OF DIRECTORS



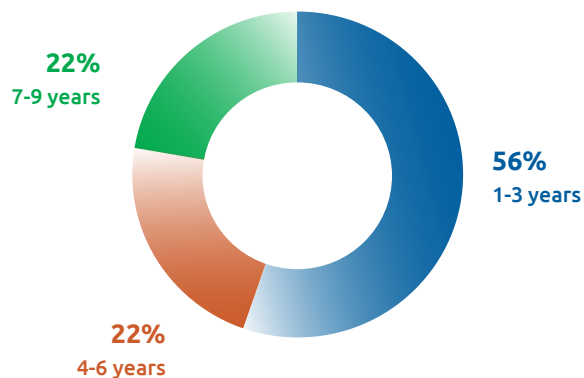
% of business skills versus legal and finance skills



67% Business

33% Legal and Finance

SENIORITY OF OFFICE OF THE MEMBERS OF THE BOD



CHANGES COMPARED TO THE PREVIOUS MANDATE

	Previous mandate	Current mandate	FTSE MIB average
Number of directors	9	9	12.5 ***
Directors elected by the minority	3 (33.3%)	3 (33.3%)	18.4%***
% of the less-represented gender on the BoD	44.4%	33.3%	36.6%**°
% of independent directors	56%	66.6%	61%***
Average age of directors	56	53	57***°
Chair-CEO or Chair-controlling shareholder	no	no	10%***
Existence of Lead Independent Director	no	no	9%*

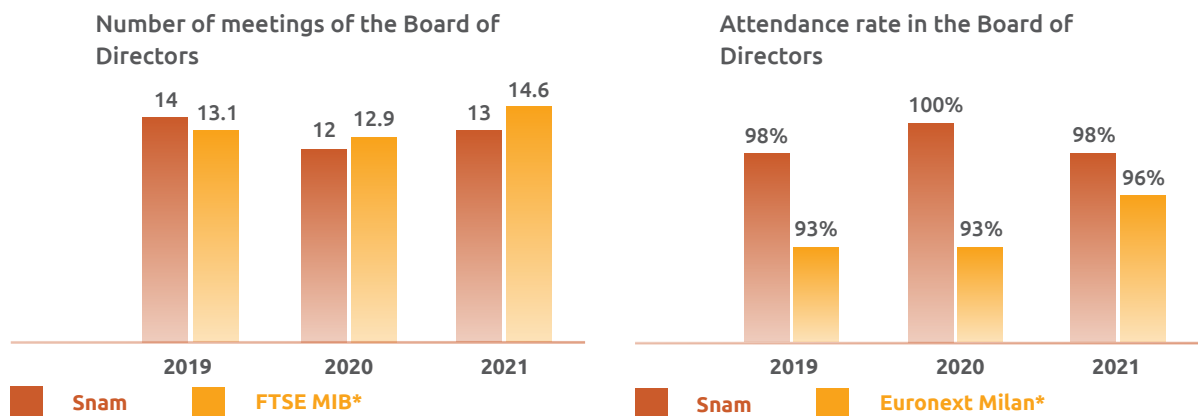
* Corporate Governance Committee, 2021 Report on the evolution of corporate governance in listed companies, 9th report on the application of the Corporate Governance Code, page 43.

** Assonime – *Corporate Governance in Italy: self-regulation, remuneration and comply-or-explain (year 2020)*, Notes and Studies 3/21. The 2020 survey covered the 220 Italian companies, listed as of 31 December 2019, whose Reports were available as of 15 July 2020.

*** Assonime – *Corporate Governance in Italy: the implementation of the Italian Corporate Governance Code (year 2021)*, Notes and Studies 4/22. The 2021 survey covered the 219 Italian companies, listed as of 31 December 2020, whose Reports were available at the end of July 2021.

° Average of companies listed on the Euronext Milan.

FUNCTIONING OF THE BOARD OF DIRECTORS



* Assonime – *Corporate Governance in Italy: the implementation of the Italian Corporate Governance Code (year 2021)*, Notes and Studies 4/22.

NUMBER OF COMMITTEE MEETINGS AND RATE OF ATTENDANCE BY THE DIRECTORS

Committee	Number of meetings	Rate of attendance	Presence of independent members
Remuneration Committee	16	100%	100%
Control and Risk and Related-Party Transactions Committee	15	100%	100%
Appointments Committee	8	100%	100%
Environmental, Social & Governance Committee	16	97.9%	100%

DIRECTORS HOLDING POSITIONS AS DIRECTORS OR STATUTORY AUDITORS IN OTHER RELEVANT COMPANIES ACCORDING TO THE CORPORATE GOVERNANCE CODE

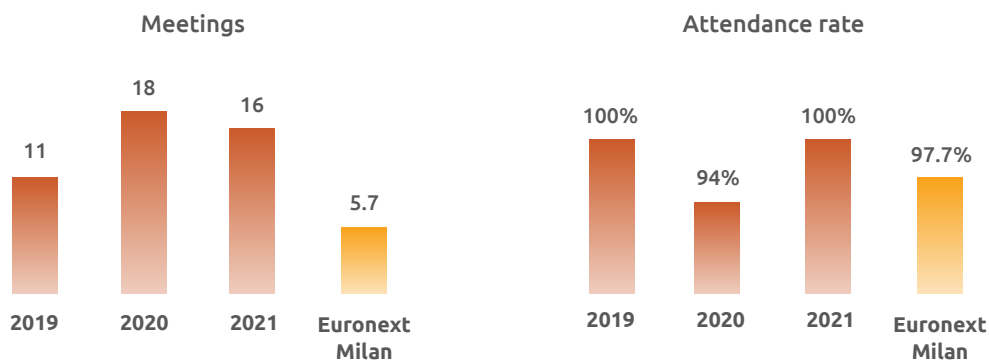
	Group companies	Other listed companies			Companies of significant size			
		Non-executive Director	Independent Director	Statutory Auditor	Non-executive Director	Executive director	Independent Director	Statutory Auditor
Marco Alverà	-	-	1	-	1	-	-	-
Laura Cavatorta	-	-	1	-	-	-	-	-
Francesco Gori	-	1	1	-	-	-	-	-
Yunpeng He	-	3	-	-	-	-	-	-
Antonio Marano	-	-	-	-	1	-	-	-
Francesca Pace	-	-	-	-	-	-	-	-
Rita Rolli	-	-	1	1	-	-	-	-
Alessandro Tonetti	-	-	-	-	1	-	-	-

BOARD EVALUATION ANNUAL PROCESS

Board Evaluation process completed	Yes
Evaluator	Self-assessment with the support of an advisor
Self-evaluation methods	Questionnaires/ Collegial meetings/ peer-to-peer reviews consisting of an analysis of the individual contributions of each director by his/her colleagues

REMUNERATION

NUMBER OF REMUNERATION COMMITTEE MEETINGS AND ATTENDANCE RATE



SHORT-TERM INCENTIVE SYSTEM (STI)

	No	Yes
Esistenza di un sistema di incentivazione di breve periodo		x
Esistenza di un <i>bonus cap</i>		x
STI Parameters for AD		Weight
Ebitda		30%
Investments		20%
Operational Efficiency		10%
New activities		20%
Sustainability		20%

LONG-TERM INCENTIVE SYSTEM (LTI)

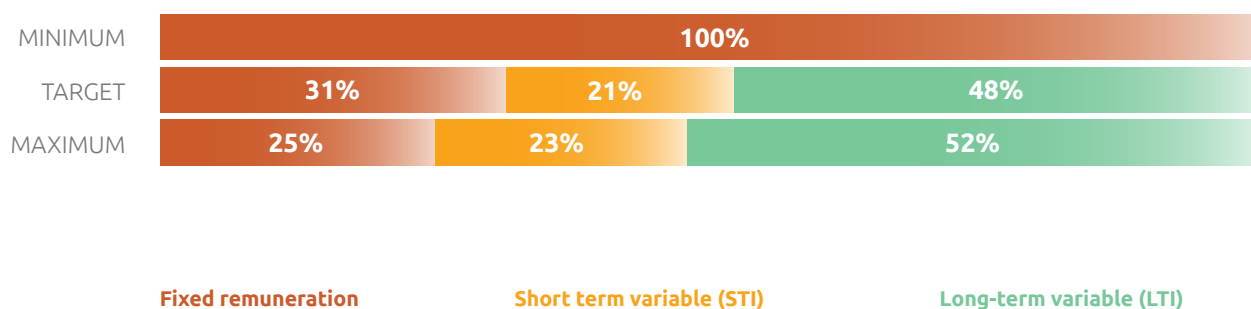
Investments Operational Efficiency
New activities Sustainability

LTI vehicles

Cash	
S Financial instruments	x

LTI Parameters for AD	Weight
Adjusted net profit	50%
Added Value	30%
Sustainability	20%

CHIEF EXECUTIVE OFFICER - PAY-MIX 2021



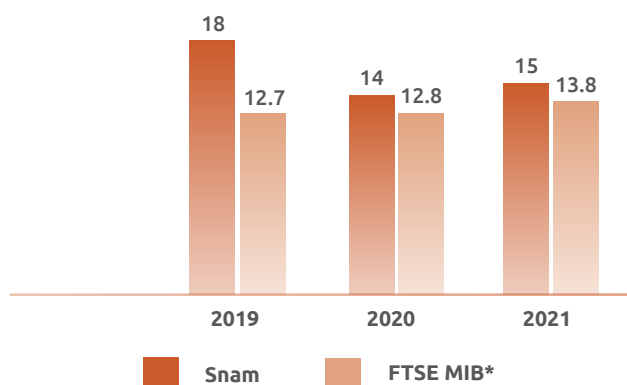
Fixed remuneration

Short term variable (STI)

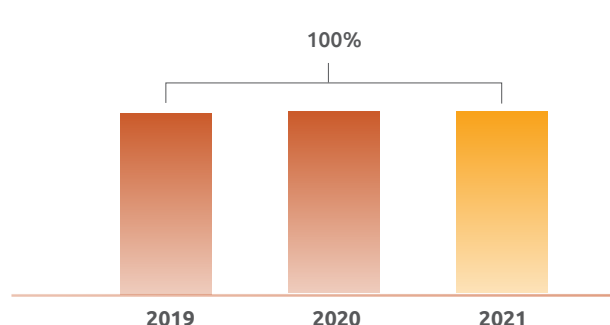
Long-term variable (LTI)

INTERNAL CONTROL AND RISK MANAGEMENT

Number of meetings of the Control and Risk Committee



Attendance rate at the Control and Risk Committee



* Assonime - Corporate Governance in Italy: the implementation of the Italian Corporate Governance Code (year 2021), Notes and Studies 4/22. The 2021 survey covered the 219 Italian companies, listed as of 31 December 2020, whose Reports were available at the end of July 2021.

Composition of the Control and Risk and Related-Party Transactions Committee	Independent	Executive/non-executive
Francesco Gori (Chair)	x	Non-executive
Francesca Pace	x	Non-executive
Antonio Marano	x	Non-executive

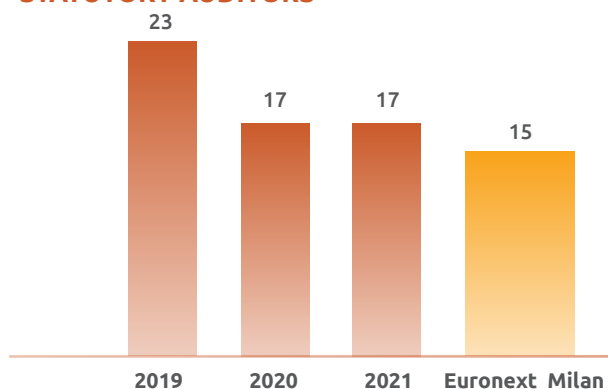
BOARD OF STATUTORY AUDITORS

Statutory auditors	Office held	Ind.**	M / m*	Other positions
Stefano Gnocchi	Chair	x	m	8
Gianfranco Chinellato	Standing Auditor	x	M	10
Donata Paola Patrini	Standing Auditor	x	M	3
Maria Gimigliano	Alternate	x	M	n/a
Federica Albizzati	Alternate	x	m	n/a

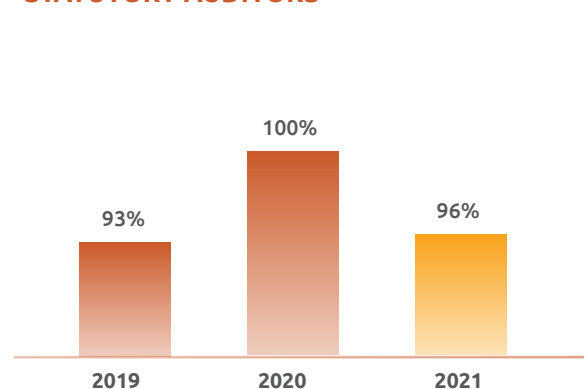
* M: majority list; m: minority list

** Independence pursuant to the TUF and the Corporate Governance Code

NUMBER OF MEETINGS OF THE BOARD OF STATUTORY AUDITORS



ATTENDANCE RATE AT THE BOARD OF STATUTORY AUDITORS



MAIN ELEMENTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

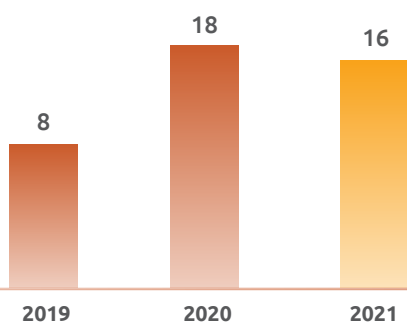
	YES/NO
Presence of the Risk Management function	yes
There is an Enterprise Risk Management plan	yes
If yes, is this plan discussed with the Committee?	yes
Presence of subsequent plans (in relation to Management)	yes
Preparation of specific compliance programs (Antitrust, Anticorruption, Whistleblowing, etc.)	yes

MAIN RISKS

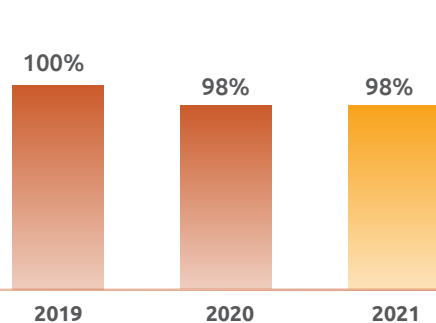
Main risks	Mitigation measures
Regulatory change (regulatory, legal and non-compliance context)	Monitoring and discussion with the main institutions responsible. Training for management and employees on anti-corruption, administrative liability pursuant to Legislative Decree No. 231/01, privacy, market abuse, antitrust and other potential unlawful acts. Refresher and awareness training on contractual rules and standards in line with applicable legislation and case law. Reputational audits of suppliers and sub-contractors. Anti-corruption and antitrust monitoring.
Operating risk (damage, breakdown, etc.)	Continuous control and monitoring measures and actions designed to prevent and/or limit the impact of third-party interference, potential situations of inadequate on-site coordination, and the occurrence of hydrogeological events.
Cybersecurity risk	Action to centralise, analyse and supervise all monitoring sources on a 24-hour basis in a single command and control centre. Periodic risk assessment for analysis of cyber risk
Infrastructure construction	Actions designed to strengthen relations with the local communities in which Snam operates, through the integrated, preventive and ongoing involvement of its stakeholders with a view to building a sustainable business for the regions and to creating value.
Risks arising from the Covid-19 health emergency	Initiatives necessary to protect the safety of Snam people, both in compliance with the restrictive measures required by the authorities and through the adoption of additional precautions (establishment of an interdepartmental team with the specific task of defining appropriate precautionary and containment measures, also by maintaining direct and constant contact with the National Civil Protection Service, remote working, health support for employees and family members, specific measures for strategic activities that cannot be interrupted). Securing the control rooms, plants and local sites to guarantee the country's normal operations and energy security. Initiatives to support the Italian health system and the service sector and various parties involved in health emergencies, including through the Snam Foundation.

ETHICS, SUSTAINABILITY, GOVERNANCE

Number of meetings of the ESG Committee



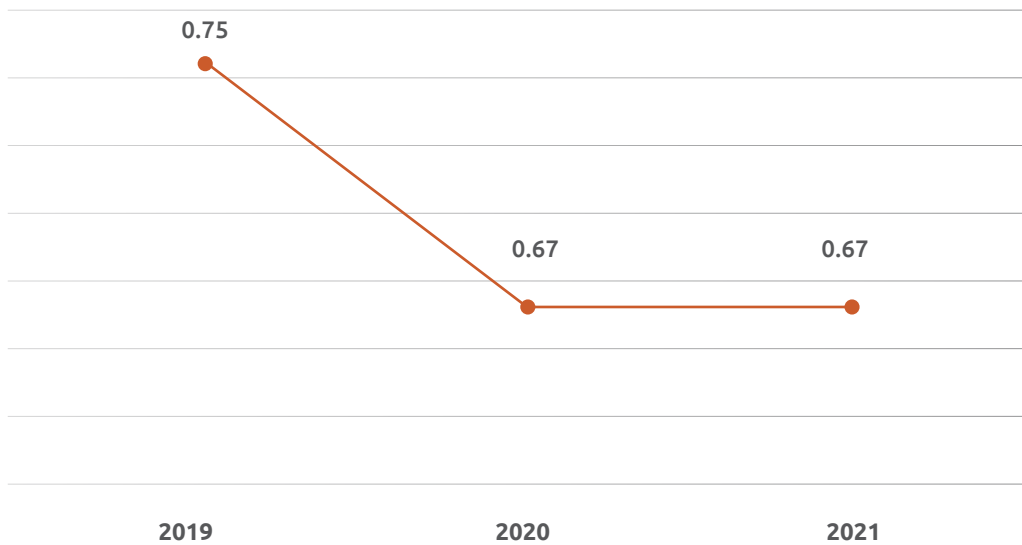
Attendance rate at the ESG Committee



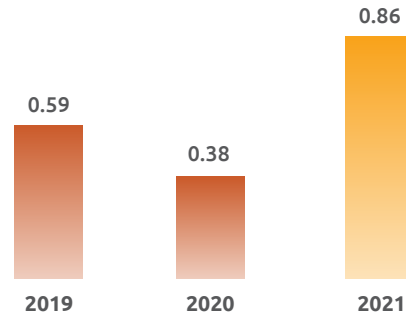
MATERIALITY MATRIX



TOTAL METHANE EMISSIONS PER NETWORK KM (T/KM)

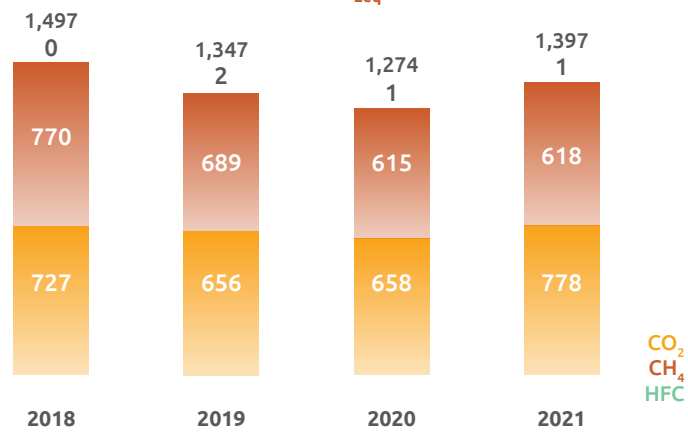


INJURIES AT WORK EMPLOYEES AND CONTRACTORS FREQUENCY RATE



Number of injuries at work resulting in absence of at least one day, per one million of hours worked.

GHG DIRECT EMISSIONS (SCOPE 1) (ktCO_{2eq})



The valuation of CO_{2eq} was carried out in accordance with the indications of the scientific study of the Intergovernmental Panel on Climate Change (IPCC) "Fifth Assessment Report IPCC" which assigned methane a Global Warming Potential (GWP) equal to 28.

BREAKDOWN OF ADDED VALUE

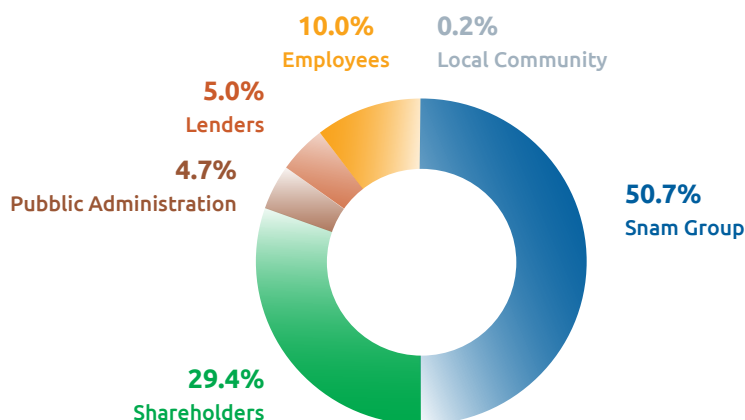
In Snam, sustainability and value creation are highly correlated concepts. In fact, sustainability allows for the creation of value for the company and its stakeholders, correlating business and corporate social responsibility. The wealth produced by Snam contributes to the economic growth of the social and environmental context in which it operates and it is measured in terms of the Added Value produced and distributed to its reference stakeholders.

Snam calculates the Added Value on the basis of the standard drawn up by the Gruppo di Studio per il Bilancio Sociale (GBS) and in accordance with the GRI Standards.

In 2021, the Gross Global Value Added produced by Snam amounted to 2,930 million, an increase of 172 million, equal to 6.2%, compared to 2020 (2,758 million).

50.7% of the Gross Global Added Value produced by Snam was reinvested within the Group (increasing compared to 2020; 38.7%), of which approximately 54.5% was allocated to the depreciation of group assets (71.3% in 2020). With regard to the main stakeholders of reference, 2021 shows a reduction in the value distributed to the financing entities (5.0%; -1.5 percentage points compared to 2020), against a reduction in financial expenses attributable to the effects of the actions to optimize the group financial structure implemented in the 2016-2020 period and the absence of bond buybacks in 2021. The value distributed to shareholders through the distribution of dividends is in line with 2020 (29.4%; 29.6% in 2020), against a unit dividend increase (+5% compared to 2020), confirming the commitment to guarantee shareholders an attractive and sustainable remuneration.

DISTRIBUTION OF ADDED VALUE



With reference to employees, there is a stable incidence of the distributed Added Value (10.0%; as 2020) through direct remuneration consisting of wages, salaries and severance pay, and indirect remuneration consisting of social security charges and costs for services related to personnel (canteen services, welfare). With the continuation of the pandemic situation, initiatives in support of the corporate workforce continued in 2021 through an expansion of the range of welfare and work-life balance services offered.

The value attributed to the Public Administration through direct and indirect taxes accrued during the period recorded a sharp reduction (4.7%; -9.8% compared to 2020) due to the one-off effects deriving from the realignment of civil and tax values pursuant to Legislative Decree no. 104 of August 14, 2020, carried out on certain Group assets. Net of this effect, the value allocated to the Public Administration stands at 14.6%, in line with the previous year (14.5% in 2020).

Lastly, an amount exceeding €6 million was allocated to the local communities (0.2% of the value generated) and is represented by liberality and environmental compensation carried out in accordance with the law for a total of around €3 million (in line with 2020) and donations to support the Italian health system and the service sector, in addressing the COVID-19 emergency (€3 million).

In terms of environmental protection, during 2021, Snam expenditures amounted to approximately 147 million (133 million in investments and 14 million in operating costs).

ADDED VALUE

(million €)	%	2020	%	2021
Generated Added Value (A)		2,758		2,930
Distributed Added Value (B)		1,690		1,443
Employees (*)	10.1	278	10.00	293
Local community	0.7	19	0.20	6
Donations and sponsorships		17,00		4
Environmental compensations pursuant to law		2		2
Lenders (Bondholders and Banks)	6.5	178	4.98	146
Shareholders (**)	29.6	816	29.43	862
Public Administration	14.5	399	4.64	136
Direct taxes		370		115
Indirect taxes		29		21
Added Value retained within the Group (A) - (B)	38.7	1,068	50.74	1,487

(*) Includes costs for services related to personnel.

(**) The 2020 figure refers to the dividend proposed by the Board of Directors and subject to the approval of the Shareholders' Meeting of 28 April 2021.

SECTION I SNAM INTRODUCES ITSELF

24 **1. MISSION AND
INTERNATIONAL GROWTH**

26 **2. AN 80-YEAR HISTORY**

30 **3. SNAM'S PRESENCE
IN ITALY AND IN THE
EUROPEAN INTERNATIONAL
INFRASTRUCTURE
SYSTEM**

34 **4. GOVERNANCE
AND SUSTAINABLE
DEVELOPMENT OF THE
BUSINESS**

36 **5. CORPORATE
GOVERNANCE AT SNAM**

37 **6. CODE OF ETHICS**

1. MISSION AND INTERNATIONAL GROWTH

Snam is Europe's leading operator in the creation and integrated management of natural gas infrastructure. It facilitates the conditions for fair-priced energy by efficiently managing the gas system, developing infrastructure and offering integrated services for the market. It promotes the integration of European networks, including through strategic partnerships with the most prominent industry operators across the main continental energy corridors.

Snam follows an ethical and socially responsible model, as also specified in the Company's Articles of Association, the Code of Ethics and the Sustainability Report⁵, which generates value for the business and for the community in which it operates through recognised professionalism and transparent dialogue with all stakeholders, while respecting the environment and individual territories. It has a development strategy that is clear and sustainable over time and is based on one of the most significant investment plans in the industrial landscape of the countries in which it operates, enabling the Company to attract Italian and foreign capital, promoting growth and employment.

Snam also has an economic and business model that includes respect for people in its business activities, in the belief that their skills and their constant progression are a true investment to which to commit – for stakeholders, the environment and the community as a whole.

⁵ For further information, see Section I, Paragraph 4, of the Report.

Snam is active in the transportation, distribution and storage of natural gas and regasification of liquefied natural gas (LNG). It manages a national transportation network covering more than 32,700 km, nine storage sites and one regasifier.

Snam owns the main gas infrastructure within Italy and is a key operator in Europe in terms of its regulatory asset base (estimated at approximately €21.2 billion at the end of 2021)⁶.

The Company actively promotes the use of natural gas as a flexible, safe and low environmental impact energy source. Snam has launched various projects aimed at promoting the use of compressed natural gas (CNG), liquefied natural gas (LNG) and biomethane, the latter through the companies Renerwaste S.r.l., Iniziative Biometano S.p.A. and Enersi Sicilia S.r.l. During 2019, for the first time in Europe, Snam experimented with the introduction of a mixture of natural gas and hydrogen into the transmission network, first at 5% and then at 10% by volume. Snam also operates in the energy efficiency sector through its Subsidiaries TEP Energy Solution S.r.l., Miecì S.p.A. and Evolve S.p.A. In 2021, with the acquisition of a linking interest in Industrie De Nora S.p.A., Snam increased its exposure to mega-trends in the energy transition, in particular for the production of green hydrogen and for water treatment, taking advantage of De Nora's leadership and technical expertise in alkaline electrodes, essential components for the production of alkaline electrolyzers.

In recent years, Snam has increased its focus on the international scene. Snam reaches, through its investee companies, Austria (TAG and gCa), France (TEREGA), United Kingdom (Interconnector UK) and Greece (DESFA). It is also a shareholder in the TAP project, the European section of the pipeline linking Azerbaijan's fields with the European Union and has established the joint venture Albanian Gas Company Service Sh.A. in Albania with Albgaz SH.A.

6 Source: 2021 Annual Financial Report.

2. AN 80-YEAR HISTORY

- History of the business
- History of sustainability

On 30 October 1941, the National Methane Pipeline Company for the construction and use of methane pipelines, and the distribution and sale of gas, is established.

Snam publishes its first Environmental Report, a voluntary tool adopted to communicate data on aspects relating to atmospheric emissions, waste management, protection of the land and biodiversity, etc.

Snam obtains certification of its Environmental Management System from a third-party independent body, in accordance with the UNI EN ISO 14001 international standard, for its gas compression stations and LNG regasification plant in Panigaglia. The Group develops its Occupational Health and Safety Management System in accordance with the BS 8800 guidelines.

SNAM IS ESTABLISHED

1941

FIRST ENVIRONMENTAL REPORT

1995

FIRST MANAGEMENT SYSTEMS

2000

1960-1985

METHANISATION OF ITALY

From 1960 to 1980, the network in Italy is quadrupled, reaching almost 15,000 km of total length in 1980. Import pipelines from Holland, Siberia and Algeria are built.

1997

UPGRADING OF GAS PIPELINES

Snam completes the upgrading of the import gas pipelines from Northern Europe and begins the construction of an additional import line from Russia and of the Greenstream, the undersea submarine gas pipeline imported from Libya.

2003

LIBERALISATION OF THE MARKET

The Italian legislation implemented European Directive 98/30/EC, deciding for the corporate unbundling of transport and dispatching activities from all the others. SRG therefore divests its gas procurement and sales activities.

2002

INCLUSION IN SUSTAINABILITY INDICES

SRG is included in the FTSE4Good family of sustainability indices, which are internationally recognised by the financial community for their importance and influence in the composition of benchmarks and ethical portfolios.

2001

LISTING ON THE STOCK EXCHANGE

Réte Gas Italia is founded, later renamed Snam Réte Gas (SRG), which takes over Snam's technological assets and skills in the transportation sector and is listed on the stock exchange. GNL Italia is established to manage LNG regasification activities.

2006

CORPORATE FUNCTIONS FOR SUSTAINABILITY

SRG sets up specific organisational structures under the new "Health, Safety, Environment, Sustainability and Technology Directorate". The Sustainability Project Team is also established, which involves all departments across the board to ensure the elaboration of proposals to define the company's sustainable development model and prepare the first Sustainability Report.

2007

FIRST SUSTAINABILITY REPORT

SRG publishes its first Group Sustainability Report for the 2006 reporting year and wins the 2007 Oscar di Bilancio for Corporate Governance.

2009

MEMBERSHIP IN THE GLOBAL COMPACT

SRG becomes a member of the Global Compact, the international initiative launched in July 2000 by the United Nations. It also joins the Dow Jones Sustainability World Index and the ECPI Ethical Index Global. It acquires 100% of Stogit and Italgas.

SRG reconfirms its presence in the Dow Jones Sustainability World Index and is selected in the SAM Bronze Class 2011. A project is launched to explore the concept of shared value, which aims to combine the interpretation of sustainability in terms of "value protection" with an approach aimed at "value creation", both for the company and for the community in which it operates.

The company name is changed from SRG to Snam, defining a new corporate structure: Stogit for storage, Italgas for distribution, Snam Rete Gas for transport and dispatching and GNL Italia for regasification. The same year includes the separation from Eni and the acquisition of 31.5% of Interconnector UK

Starting in 2013, Snam embarks on a series of acquisitions (Teréga, TAG and TAP) to expand its international presence.

INCLUSION IN THE SAM BRONZE CLASS 2011

2011

NEW CORPORATE STRUCTURE

2012

INTERNATIONAL ACQUISITIONS

2013

Snam relaunches its brand identity, renewing its logo and corporate values. It also defines the new purpose: "Energy to Inspire the World." Snam begins to invest in biomethane, sustainable mobility and energy efficiency. Negotiations begin for the acquisition of 66% of DESFA.

Snam signs several agreements and Memoranda of Understanding for business expansion (e.g., development of natural gas stations with Enel) In the same year it acquires ITG and a stake in Adriatic LNG.

Snam sets up an Internal Board Committee dedicated to sustainability issues. Snam separates from Italgas and acquires 49% of Gas Connect Austria.

NEW BRAND IDENTITY, DESFA AND NEW BUSINESSES

2018

AGREEMENTS AND MEMORANDA

2017

ESG COMMITTEE AND SEPARATION FROM ITALGAS

2016

Snam introduces a mix of hydrogen and natural gas, first 5% and then 10% in volume, to its transmission network for the first time. In addition, it creates a business unit entirely focused on the hydrogen business, assuming a key role in the energy transition.

Snam declares a Net Zero objective for its activities by 2040, also defining intermediate targets for the reduction of greenhouse gas emissions by 2030, and increases investments in new businesses in favour of the energy transition. Arbolia is established in collaboration with CDP, for reforestation and CO₂ absorption.

Snam renews its commitment to decarbonisation and energy transition by presenting the new 2021-2025 Strategic Plan and the 2030 Vision, which see significant investments in the biomethane and hydrogen businesses, aiming to achieve carbon neutrality by 2040 in its activities and setting targets to reduce emissions from its value chain (Scope 3 emissions) by 2030. Snam wins the 2021 Oscar di Bilancio and is included in the DJSI. Snam adds its purpose "Energy to inspire the world" in its Articles of Association.

COMMITMENT TO THE ENERGY TRANSITION

2019

STRATEGY TO DECARBONISATION

2020

2030 VISION AND NET ZERO CARBON

2021

Snam Today

In the national and European energy context, the gas plays a crucial role. Snam has dealt with transport, dispatching, storage and regasification of natural gas, ensuring energy security in Italy since 1941.

In the last few years, the Company has started a repositioning process in the national and international context with the aim of playing an enabling role in the energy transition, in line with its own goals and European targets. In this regard, since 2018, Snam has accelerated, with investments and the acquisition of new skills, in the development of energy transition businesses such as hydrogen, biomethane, sustainable mobility and energetic efficiency, which have become an integral part of Snam's offer. In pursuing carbon neutrality by 2040, Snam will continue to lean on its core businesses, which, through a process of reconversion of existing assets, will make the transport network and storage plants "*hydrogen ready*", i.e. capable of transporting and storing not only natural gas, but also hydrogen and biomethane.

Snam's transport network moves, through pipelines, the imported, produced and regasified gas, up to the local distribution networks, to the redelivery points of the regional network or to large end customers, including thermoelectric power plants or industrial production plants.

Snam, through its subsidiary Snam Rete Gas, uses 13 compression plants, located along the national network, which ensure the correct flow of gas in the pipelines. The infrastructures are managed by 8 Districts, which supervise and control the activities of 48 Maintenance Centres and a Dispatching Centre, which remotely monitors and controls the transport network and coordinates the compression plants.

Thanks to an IT platform, shippers (users of transport services) have the possibility to sell and exchange gas at a Virtual Trading Point (PSV) of the national grid.

In the last few years, the existing transport network has been repurposed to be Hydrogen-ready (H2-ready), in order to make it capable of transporting increasing percentages of hydrogen. The investments and upgrades

realized have made Snam's network 99% H2-ready by 2021.

Snam, through its subsidiary Stogit, is the largest storage operator in Italy and one of the largest in Europe. The Group manages a total of 9 storage facilities that act in synergy with the other Company's transport and regasification infrastructures, contributing to the Italy's energy security.

The storage system makes it possible to compensate for the different needs between gas supply and consumption, guaranteeing continuity of service during periods of peak gas demand (typically in the winter period) and gas storage (usually in the summer period). In addition, the storage activity guarantees the availability of strategic gas quantities, to cover possible interruptions or reductions in non-European supplies, or to overcome temporary crises in the gas system.

For regasification activities, Snam, through GNL Italia, operates in the Panigaglia plant (La Spezia), the first operational regasification plant built in Italy, in 1971.

Thanks to the work of Snam4Environment, specialized in the development of biomethane infrastructures, and to the technical know-how of IES Biogas, Snam promotes the spread and use of biomethane throughout Italy, contributing to the creation of value and promoting Italy's energetic transition.

The biomethane business of Snam works closely with the sustainable mobility one, controlled by Snam4Mobility, the Snam subsidiary responsible for developing the biomethane and natural gas mobility sector for heavy and light vehicles and for the construction of CNG/LNG (compressed and liquefied natural gas) and bio-CNG/LNG (compressed and liquefied natural bio-gas) stations, cleaner and more efficient alternatives to traditional fuels. Thanks to the work of Snam4Mobility and Snam4Environment, the decarbonization of transports in Italy will be achieved, making bio-mobility renewable and CO2-free. Another area of sustainable mobility in which Snam is investing is Small-scale LNG (SSLNG) to promote liquefied natural gas in rail, maritime and heavy land transport, promoting a significant reduction in emissions.

The projects and promotion of initiatives related to biomethane and sustainable mobility are supported not only by the work of Snam's dedicated business units, but also by collaboration with leading companies in the relevant sectors, from which Snam internalizes new skills.

The Hydrogen business unit (H2 BU) is dedicated to the development of hydrogen projects and applications in Snam's infrastructure and in sustainable mobility, also in collaboration with Snam4Mobility, exploiting the great future prospects of this sector, which is at the forefront in achieving decarbonisation objectives. The versatility of hydrogen allows it to be used both in industrial applications (thermal, feedstock and fuel cells) and in sustainable mobility (trains, filling stations for light and heavy vehicles, airports). Moreover, it does not generate emissions of carbon dioxide or other climate-changing gases, nor emissions that are harmful to humans and the environment. Snam is active in the hydrogen market thanks to its participation in calls for tenders such as IPCEI, Innovation Fund and Horizon 2020 and the signing of partnerships and agreements with leading companies in the sector, participation in working groups to spread the use of green gas in Europe and ongoing research activities. Approximately 100% of Snam's network is already hydrogen ready (H2-ready), in other words ready to accept increasing percentages of hydrogen, and further studies are underway to exploit all the benefits of green gas.

Identified as one of the three pillars of the European Clean Energy for all Europeans strategy, energetic efficiency allows a more rational use of the energy, reducing consumption and consequently both energy and environmental costs.

In three years, Snam has become one of Italy's leading operators in energetic efficiency services, first through the work of Snam4Efficiency and TEP, and now through Renovit, the platform of Snam and CDP Equity that offers innovative energetic efficiency solutions to residential customers, businesses and the public administration, investing directly in decarbonization, digitalization and distributed energy generation.

Snam's purpose

"Energy to inspire the world", Snam's purpose, included in the company's Articles of Association in February 2021, is based on Aristotle's mindset according to which the purpose of every individual – the reason for being – lies at the intersection between the individual's talent and what the world needs. *"Energy to inspire the world"* includes the experience, the engineering tradition and the ability of Snam to be at the forefront of the energy sector, while providing the instruments and the innovation needed to achieve the goal of ecological and energy transition of the Country's system, in view of sustainable success.




As announced in the *"Towards Net Zero"* strategy, Snam has launched a business diversification process oriented towards decarbonisation, which will lead it to become a company with zero net emissions from its activities by 2040, with multi-molecule infrastructures, strongly oriented towards the use of green gases, in particular biomethane and hydrogen, and promoter of energy efficiency measures in Italy. Moreover, in 2021 Snam has strengthened its commitment along the value chain, becoming the first energy infrastructure company in the European Union to directly involve its suppliers in the reduction of CO₂eq emissions.

These ambitions, supported by a major investment plan for the medium term, Strategic Plan 2021-2025, and the long term, Vision to 2030, will be possible thanks to the Group's expertise, the creation of solid and trusting relationships with local communities, and strong collaboration with suppliers and investee companies.



The profound integration of sustainability into the business, included in Snam's purpose, is also demonstrated by the ESG Scorecard, a set of annual targets in the environmental, social and governance spheres, designed to provide stakeholders with maximum disclosure on the Group's commitment in these areas and to report transparently on the progress achieved.

3. SNAM'S PRESENCE IN ITALY AND IN THE EUROPEAN INTERNATIONAL INFRASTRUCTURE SYSTEM


NATURAL GAS TRANSPORTATION

	Entry points	9
	Compression stations	13
	Pipelines under operations	32,767 km
	national network	9,655 km
	regional network	23,112 km
	Natural gas injected in the network	75,77 bn m ³
	national production	3.13 mld m ³
	imported	72.64 bn m ³
	Employees	1,843

LNG REGASIFICATION

	Regasification plants	1
	Lng carriers docked	25
	Regasified gas	17,500 bn m ³
	Maximum capacity Of daily regasification	57 m ³
	Employees	65




NATURAL GAS STORAGE

	OPERATING CONCESSIONS	9
	NATURAL GAS MOVED IN STOCK	18.86 bn m ³
	injected	8,74 bn m ³
	supplied	10.12 bn m ³
	Total storage capacity	16.5 bn m ³
	of which available	12,0 bn m ³
	of which strategic	4.5 bn m ³
	Employees	66





- ITALIAN NETWORK
-  Storage plants
-  Regasification plants
-  LNG terminals

- STAKES IN INTERNATIONAL GAS PIPELINES
-  Storage plants
-  Regasification plants
-  LNG terminals
- OTHER INTERNATIONAL GAS PIPELINES



1 TAG (84.47%)
3 parallel lines 380 km each



2 DESFA (66% via Senfluga)
1,466 km of transport network
2 entry points (Bulgaria and Turkey)
1 LNG entry point in Greece
1 LNG terminal



3 GCA (49% via AS Infrastruktur)
554 km of transport network
315 km of distribution network



4 Terèga (40.5%)
5,135 km of network
5.8 billion Bcm of storage capacity
(working gas 2.8 Bcm)



5 Interconnectors (23.68%)
through Snam International B.V.)
235 km between UK and Belgium



6 TAP (20%)
878 km (773 km on-shore
and 105 km off shore) between
Greek-Turkish border and Italy,
via Greece and Albania



7 ADNOC Gas Pipeline
(49% in consortium)
Management rights, remunerated
per rate, for 20 years
on 982 km of network



**8 East Mediterranean
Gas Company - EMG**
(25% via Snam International B.V.)
90 km of gas pipeline (85 km off-shore)
between Israel and Egypt



ABU DHABI (EAU)



4. GOVERNANCE AND SUSTAINABLE DEVELOPMENT OF THE BUSINESS

The corporate governance serves to facilitate the creation of value for shareholders, while also accommodating the interests of the Company's stakeholders. Snam oversees matters of mutual interest and compliance with the rules and promotes a constructive dialogue with its stakeholders, with the ultimate aim of orienting its actions towards the creation of shared value.

The business is based on the principles established in the UN Universal Declaration of Human Rights, in the International Labour Organisation (ILO) fundamental Conventions and in the OECD Guidelines for Multinationals. The Company is aware that it plays a prominent role in the industrial sector and in the market in which it operates and that it assumes a role of responsibility in safeguarding the well-being of the people who work for the company (employees), who collaborate with it (suppliers) and the communities in which it operates. For this reason, Snam's approach to the issue of human rights is based on principles and criteria defined in the Human Rights Policy. The Company focuses, in particular, on the following rights: the right to health and to safe work; the right to personal well-being; the right to decent work and fair remuneration; the right to training; the right to freedom of association, of opinion and information; the right to non-discriminatory work and diversity; the right of local communities and the right to privacy. The Policy applies to Snam and its subsidiaries and is presented to the other subsidiaries in order to promote consistent principles and conduct. Snam also undertakes to disseminate it among all its employees, suppliers, subcontractors and business partners, as well as any other interested parties.

Snam also adheres to the UN "Global Compact", the world's biggest international sustainability initiative, which aims to promote and disseminate ten global ethical principles

concerning human rights, the environment, workers' rights and anti-corruption and supports the sustainable development goals of the 2030 Agenda (SDGs). Finally, the commitment to sustainable development is also reflected in environmental protection as an integral part of the Company's policies. Snam intends to promote the co-existence of the environment, social and economic development, without neglecting land conservation, also through the activities of the Snam Foundation, founded in 2017, and the reforestation activities of Arbolia, the benefit company created in partnership with CDP.

Snam's shares are listed on the FTSE MIB index of Borsa Italiana and are present on the main international indices (STOXX Europe 600, STOXX Europe Utilities), and on the main sustainability indices (Dow Jones Sustainability, FTSE4Good, CDP, Stox Global ESG Leaders, MSCI, United Nations Global Compact 100, Vigeo, ISS ESG and Sustainalytics).

In order to illustrate the value created and the sustainability of its business to its stakeholders in a transparent manner, Snam produces the following documents:

- (i) since 2006, a Sustainability Report in accordance with the most advanced standards of the Global Reporting Initiative;
- (ii) since 2015, a Management Report for the Financial Report, supplemented with financial and non-financial data and information, according to the recommendations of the framework proposed by the International Integrated Reporting Council - (IIRC);
- (iii) since 2017, the Non-Financial Statement contained in the Management Report, pursuant to Legislative Decree No. 254 of 2016;
- (iv) since 2018, a document entitled "Financial Disclosure on Climate Change", drawn up in accordance with the recommendations of the Task Force on Climate-related

Financial Disclosure established by the Financial Stability Board.⁷

In addition, the Company's Articles of Association were recently amended to expressly provide for the principle of pursuing sustainable success among the goals which the Company's business activities must pursue, through the creation of long-term value to the benefit of shareholders and promoting, at the same time, the satisfaction of the interests of the stakeholders relevant to the Company. This purpose has been specifically incorporated into Snam's Articles of Association, also in order to recognize the Company's commitment to encouraging the energy transition towards forms of resources and energy use that are compatible with environmental protection and progressive decarbonization, as well as Snam's corporate purpose, "Energy to inspire the world". The introduction of Snam's corporate purpose in the Articles of Association is aimed at reinforcing the Company's commitment to promoting the energy transition process. As a matter of fact, Snam is committed to renewing its infrastructure from a hydrogen-ready perspective and to developing integrated projects along the green gas value chain, with investments in biomethane, hydrogen, sustainable mobility and energetic efficiency.

Snam, in line with its net zero strategy, which provides for zero net CO₂ equivalent emissions from its activities (Scope 1 and 2) by 2040, in 2021 has set two targets for the reduction of Scope 3 indirect emission (primarily for subsidiaries and suppliers) by 2030 vs. 2019, encouraging the exchange of know-how and implementing projects to reduce natural gas emissions, the replacement of gas turbines with electric compressors and integrating new businesses on green gas, energetic efficiency and sustainable mobility, proposing itself as an enabler of Italy's decarbonization.

To strengthen and further integrate sustainability into its business, Snam has created the ESG Scorecard since 2020, an instrument designed to provide maximum disclosure on the main environmental, social and governance

aspects and to assess the Group's performance against certain targets with a time horizon aligned with the Strategic Plan.

The ESG Scorecard is a quarterly monitoring instrument with annual disclosure of specific KPIs and targets in the environmental (natural gas emissions, energy savings, green innovation, soil and biodiversity protection), social (welfare, employee engagement, safety, gender diversity, responsible and sustainable supply chain, local communities) and governance (governance structure and its functioning, infrastructure reliability, anti-corruption, sustainable finance) sphere.

The Financial Report is available on the Company's website at
(https://redazione-piw.snamretegas.priv/repository/ENG_file/investor_relations/reports/annual_reports/2021/SNAM_2021_Annual_Report.pdf)

The document entitled "Financial Disclosure on Climate and Change 2021" is available on the Company's website
https://www.snam.it/export/sites/snam-rp/repository/file/Sostenibilita/strategie_impegni/Snam_climate_change_2021.pdf

Snam publishes a Sustainability Report, drawn up in accordance with the GRI (Global Reporting Initiative) standards, which is considered an important tool for managing the sustainability process and communicating with stakeholders. The Sustainability Report is approved by Snam's Board of Directors⁸.

The Sustainability Report is available on the Company's website
https://www.snam.it/repository/ENG_file/investor_relations/reports/annual_reports/2021/2021_sustainability_report.pdf

⁷ The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board (FSB) – the body that promotes and monitors the stability of the global financial system – and tasked with drawing up a series of recommendations on reporting the risks of climate change. The aim is to guide and encourage companies to align the information they disclose with investors' expectations and needs.

⁸ For more information, see Section III of this Report.

5. CORPORATE GOVERNANCE AT SNAM

The **Corporate governance** of an enterprise consists of the rules and methods for the planning, management and control required for the functioning of the company.

Snam's corporate governance system was drafted by the Board of Directors in compliance with the legislation applicable to the Company⁹.

The system is based on key principles, such as proper and transparent business management implemented through (i) the definition of information flows between corporate bodies; (ii) efficient definition of the internal control and risk management system; and (iii) the adoption of an Enterprise Risk Management system (the "**ERM Model**"). This consists of rules and organisational structures aimed at identifying, measuring, managing and monitoring the main risks that could affect the achievement of the Company's strategic objectives.

The **Company's Articles** of Association define the governance model of the Company and the main rules of procedure of its corporate bodies.

Snam's current corporate governance model conforms to the traditional system of administration and control. It is composed of two bodies appointed by the Shareholders' Meeting¹⁰, i.e. the shareholders' decision-making body: the Board of Directors, vested with the broadest powers for the ordinary and extraordinary management of the Company; and the

9 Specifically, the legislation to which the Company is subject (i) as a listed issuer; (ii) as an entity adhering to the Corporate Governance Code; and (iii) as an entity adhering to the national and international best practices against which the Company measures itself. The corporate governance system also pays special attention to compliance with the Unbundling Regulations, in view of the specific features of the business conducted by Snam and by its Subsidiaries, subject to the regulation of ARERA.

10 For further information, see Section III, Paragraph 1 of the Report.

Board of Statutory Auditors, which supervises administration and compliance with the law and with the Articles of Association¹¹.

The statutory audit of the financial statements as of 31 December 2021 was carried out by Deloitte & Touche S.p.A. as the external auditors appointed by the Shareholders' Meeting on the recommendation of the Board of Statutory Auditors.

The Board of Directors established the following four Committees, in compliance with the Corporate Governance Code and with the Articles of Association¹²:

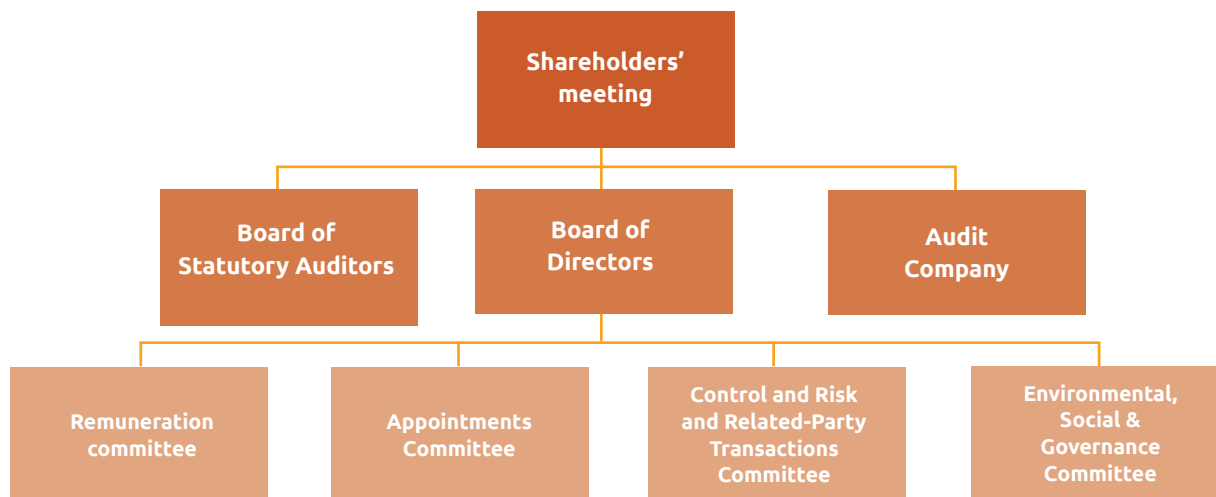
- The Control and Risk and Related-Party Transactions Committee;
- Remuneration Committee;
- Appointments Committee;
- Environmental, Social & Governance Committee ("ESG").

The Articles of Association can be consulted on the Company's website https://www.snam.it/export/sites/snam-rp/repository/ENG_file/Governance/Bylaws/Snam-S.p.A.-Statuto-sociale-variazione-oggetto-sociale-ENG-Clean.pdf

11 For further information, see Section III, Paragraph 4 of the Report.

12 For further information on the Board of Directors, see Section III, Paragraph 2 of this Report; for further information on the Committees, see Section III, Paragraph 3 of this report.

The following is a graphic representation of the Company's corporate governance structure at the date of this Report:



6. CODE OF ETHICS

The Code of Ethics defines a shared value system, expresses Snam's business ethics culture and it forms the basis for the Company's strategic thinking and the conduct of its business.¹³ In particular, the Code of Ethics:

- expresses the values with which Snam identifies, such as compliance with the law, transparency, honesty, fairness, good faith, and full compliance with the rules on the protection of competition;
- contains rules of conduct for relations with stakeholders (employees, customers, shareholders, commercial and financial partners, and the community where the Company is present with its activities);
- prohibits, without exception, any form of corruption, illegal favours, collusive conduct, and the solicitation, directly and/or through third parties, of personal and career benefits for oneself or others.

The Code of Ethics represents, among other

things, a mandatory general principle of the 231 Model. The Board of Directors has assigned to the Supervisory Body¹⁴ the role of Code of Ethics Supervisor, to which the following may be submitted:

- requests for clarification and interpretation of the principles contained in the Code of Ethics;
- suggestions relating to the application of the Code of Ethics;
- notifications of breaches of the Code of Ethics.

The Code of Ethics is available on the Company's website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/codice-etico/Codice_Etico.pdf)

¹³ The Code of Ethics was most recently approved by the Board of Directors on 30 July 2013.

¹⁴ The Supervisory Body was established pursuant to Legislative Decree No. 231 of 8 June 2001.

SECTION II SNAM'S OWNERSHIP STRUCTURE

40 1. STRUCTURE OF SHARE CAPITAL AND CHANGES IN SHAREHOLDER STRUCTURE AND MARKET CAPITALISATION

41 2. BREAKDOWN OF SHAREHOLDER STRUCTURE BY GEOGRAPHICAL AREA

42 3. SIGNIFICANT SHAREHOLDINGS

43 4. RESTRICTIONS ON THE TRANSFER OF SHARES AND VOTING RIGHTS

43 4.1 Unbundling Regulations

45 5. SECURITIES THAT ENTITLE THE HOLDER TO SPECIAL RIGHTS

45 6. SPECIAL POWERS OF THE STATE

46 7. MECHANISM FOR EXERCISING VOTING RIGHTS IN A POSSIBLE EMPLOYEE SHARE OWNERSHIP SYSTEM

47 8. SHAREHOLDER AGREEMENTS

48 9. CHANGE-OF-CONTROL CLAUSES AND PROVISIONS ON TAKEOVER BIDS

49 10. POWERS TO INCREASE THE SHARE CAPITAL AND AUTHORISATIONS TO BUY TREASURY SHARES

50 11. DIRECTION AND COORDINATION ACTIVITIES

51 12. FURTHER INFORMATION - REFERENCES

1. STRUCTURE OF SHARE CAPITAL AND CHANGES IN SHAREHOLDER STRUCTURE AND MARKET CAPITALISATION

The fully subscribed and paid-up share capital is €2,735,670,475.56, divided into 3,360,857,809 ordinary registered shares, with no nominal value indicated.

SHARE CAPITAL STRUCTURE					
Share class	No. of shares	No. of voting rights	Proportion of share capital (%)	Listing market	Rights and obligations
Ordinary shares with no nominal value	3,360,857,809	1	100	Mercato Telematico Azionario (the screen-based equity market) organised and managed by Borsa Italiana S.p.A.	The shares are indivisible, and each share entitles the holder to one vote. Shareholders may exercise corporate and ownership rights, subject to the limits set by the regulations in force and by the Articles of Association

As at 31 December 2021, the Company held 89,224,007 treasury shares, equal to 2.655% of the share capital. The floating capital was 64.6%.

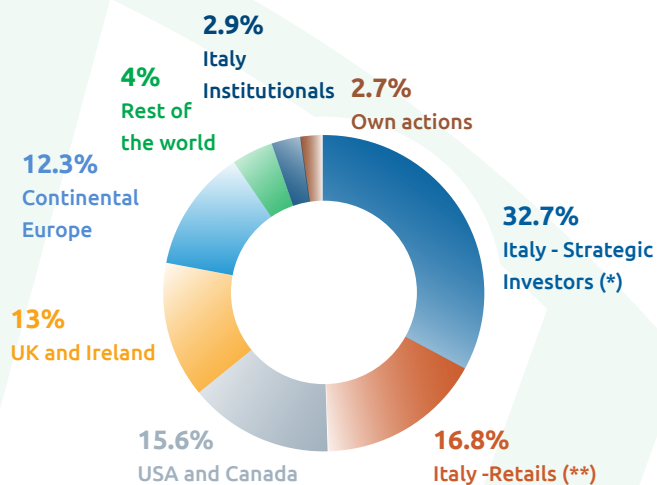
The Company's market capitalisation increased from 15,046 million euro as at 31 December 2020 to 17,343 million euro as at 31 December 2021 (based on an official price of 5.300 euro per share and a total number of outstanding shares of: 3,272,301,581).

2. BREAKDOWN OF SHAREHOLDER STRUCTURE BY GEOGRAPHICAL AREA

The table shows a breakdown of the shareholder structure by geographical area¹⁵.

Shareholding area	Proportion of share capital (%)
Italy	55.1
Rest of continental Europe	12.3
USA and Canada	15.6
UK and Ireland	13.0
Rest of the world	4.0
Total	100.00

SHAREHOLDING BY GEOGRAPHICAL AREA



* Italian strategic shareholders include the Bank of Italy and CDP Reti

** Italian retail shareholders include the direct and the indirect interest of Romano Minozzi

¹⁵ The table was prepared based on the information available to the Company on the date of approval of the Report.

3. SIGNIFICANT SHAREHOLDINGS

The table below shows shareholders with equity investments of more than 3% in Snam's share capital, as indicated by the information available to the Company.

Declarant	Direct shareholder	Proportion of ordinary (and voting) share capital (%)
CDP S.p.A.	CDP RETI S.p.A.(1)	31.352
MINOZZI ROMANO	Minozzi Romano	3.772
	Iris Ceramica Group S.p.A.	2.526
	GranitiFiandre S.p.A.	0.835
	Finanziaria Ceramica Castellarano S.p.A.	0.326
		Total: 7.459
LAZARD ASSET MANAGEMENT LLC.		5.382
BLACKROCK INC.		5.161

4. RESTRICTIONS ON THE TRANSFER OF SHARES AND VOTING RIGHTS

The Articles of Association do not establish any restrictions on the transfer or limitations on the ownership of shares of the Company. However, the provisions of law described below do establish a number of restrictions on the transfer and ownership of shares in Snam.

4.1 Unbundling Regulations

The Prime Ministerial Decree of 25 May 2012, as amended by the Prime Ministerial Decree of 15 November 2019 (the “**DPCM**”), establishes the “*criteria, conditions and procedures which Snam S.p.A. is required to follow to adopt the ownership unbundling model of the national gas transportation network and ensure the full separation of Snam S.p.A. from vertically integrated companies producing and supplying natural gas and electricity*”.

In accordance with the ownership unbundling regime, on 15 October 2012, CDP RETI S.p.A. (then a wholly-owned subsidiary of CDP S.p.A.) acquired 30%, minus one share, of Snam’s share capital from Eni S.p.A. Eni S.p.A. subsequently reduced its interest and now does not have a stake in the Company’s capital.

In order to ensure that Snam is fully separated, the DPCM¹⁶ also provides that:

- even if Snam is included in “separate management” activities of CDP S.p.A., all decisions relating to the management of equity investments in Snam are adopted by the Board of Directors of CDP S.p.A. as if the equity investment were part of its “ordinary management” operations, i.e. the Ministry of Economy and Finance will have no power to guide such decisions and the members of the Board of Directors of CDP S.p.A. in charge of “separate management” activities will not be able to influence them;
- the members of the administrative or

¹⁶ See Article 2 of the DPCM.

control bodies, as well as those with managerial functions at Eni S.p.A. or its subsidiaries, may not be members of the administrative or control bodies or hold managerial positions at Cassa Depositi e Prestiti S.p.A. or Snam S.p.A. or their subsidiaries, if the latter operate in the natural gas transport or electricity transmission sector, nor may they have any direct or indirect professional or financial relationship with such companies; similarly, members of the administrative or control bodies, and those with managerial positions at Cassa Depositi e Prestiti S.p.A. who have a direct or indirect professional or financial relationship with companies operating in the natural gas transport or electricity transmission sector, at Snam S.p.A., Terna S.p.A. and their subsidiaries operating in the natural gas transport or electricity transmission sector, may not be members of the administrative or control bodies or hold managerial positions at Eni S.p.A. or its subsidiaries, nor enter any direct or indirect professional or financial relationship with these companies

The voting rights attached to shares acquired (including through deeds, transactions or agreements of any kind), as well as to shares already held, directly or indirectly, by gas and/or electricity producers or suppliers or by their parent companies, subsidiaries or associates pursuant to the Italian Civil Code, and any powers of appointment pertaining to them, shall be restricted in compliance with the applicable legislation¹⁷, which governs the ownership unbundling model. This article provides that the same party (whether a natural person or legal entity) may not:

¹⁷ In this regard, see Article 19 of Legislative Decree No. 93 of 1 June 2011 “Implementation of Directives 2009/72/EC, 2009/73/EC and 2008/92/EC on common rules for the internal market in electricity, natural gas and a Community procedure on the transparency of prices to the industrial final consumer of gas and electricity, and repeal of Directives 2003/54/EC and 2003/55/EC”.

- exercise control, directly or indirectly, over an undertaking that produces or supplies natural gas or electricity and at the same time exercise control or rights, directly or indirectly, over a natural gas or electricity transmission system operator or over a natural gas or electricity transmission system;
- appoint members of the Supervisory Body, the Board of Directors or the bodies that legally represent the Company within a transport system operator or a transport system and, simultaneously, directly or indirectly control or hold rights over natural gas production or supply operations¹⁸.

In accordance with the aforementioned provisions, the shareholders that produce and sell gas and/or electricity are forbidden from exercising voting rights at the Company's Shareholders' Meetings. Therefore, they hold only the ownership rights to the shares they hold in Snam.

As a result of the legislative changes and Eni S.p.A.'s consequent loss of control over Snam, on 14 November 2013, ARERA adopted Resolution 515/2013/R/gas, implementing its decision to definitively certify Snam Rete Gas as a natural gas transportation system operator under the ownership unbundling regime. By Resolution 318/2016/R/GAS of 16 June 2016, adopted following CDP S.p.A.'s sale of shares in CDP RETI S.p.A. to the company State Grid Europe Limited, ARERA confirmed that the requirements laid down in the applicable ownership unbundling regulations in force continued to be met.

Finally, by resolution 589/2018/R/GAS of 20 November 2018, ARERA certified Infrastruttura Trasporto Gas S.p.A., acquired by Snam (which owns 100% of the share capital) in October 2017, as a natural gas transportation system operator under the ownership unbundling regime.

On the occasion of the acquisition by Snam, through its subsidiary Snam 4 Environment, of an 83% stake in Renerwaste S.r.l, one of the largest companies active in Italy in bio-gas and biomethane infrastructure, Snam

Rete Gas S.p.A. and Infrastrutture Trasporto Gas S.p.A. filed an application and the documentation required by Resolution ARG/Com 153/11, in order to be re-certified – as operators of a transportation system according to the model of ownership unbundling – pursuant to Article 9 of Legislative Decree No. 93/2011, as well as pursuant to Articles 19 et seq. of Attachment A to Resolution 153/11. The re-certification process was still in progress at the date of this Report.

¹⁸ Such rights include the power to exercise voting rights and to appoint members of the Supervisory Body, Board of Directors or bodies that legally represent the company.

5. SECURITIES THAT ENTITLE THE HOLDER TO SPECIAL RIGHTS

The Company's Articles of Association do not provide for the issuance of multiple voting shares or loyalty shares.

The Company has not issued any securities that entitle the holder to special control rights.

6. SPECIAL POWERS OF THE STATE

Decree-Law No. 21 of 15 March 2012¹⁹ affects regulation of the so-called special powers by re-writing the conditions and methods of the exercise of special government powers over strategic assets in the energy, transport and communications sectors, in order to bring the national regulations into line with the rules laid down the Treaty on the Functioning of the European Union. This legislation grants powers of intervention to the government to protect the country's legitimate, strategic and essential interests.

With regard to the energy sector, Decree-Law No. 21 of 15 March 2012 (the regulation of which was last supplemented by Decree-Law No. 228 of 30 dicembre 2021, which extended until 31 December 2022 the possibility of exercising special powers in strategic sectors provided for during the Covid-19 emergency phase by Decree-Law no. 105/2019) confers on the Government: (i) a power of veto over resolutions, actions or operations adopted by companies that own strategic assets in the energy sector, provided that such resolutions, actions or operations result in a loss

¹⁹ Decree-Law No. 21 of March 15, 2012, converted into Law No. 56 of May 11, 2012, subsequently amended by Decree-Law No. 148 of 16 October 2017, - converted with amendments by Law No. 172 of 4 December 2017 -, by Decree-Law No. 105 of 21 September 2019 - converted with amendments by Law No. 133 of 18 November 2019 - by Decree-Law No. 23 of 8 April 2020 - converted with amendments by Law No. 40 of 5 June 2020 -, sets out rules on the exercise of special powers over corporate structures in the defence and national security sectors, as well as for activities of strategic importance in the energy, transport and communications sectors, most recently extended until 31 December 2022 by Decree-Law No. 228 of 30 December 2021, as well as, most recently, the DPCM No. 179 of December 18, 2020, by which the assets and relationships of strategic importance for the national interest in the newly introduced sectors referred to in Reg. EU 2019/452 and the DPCM No. 180 of 23 December 2020 which identifies assets of strategic importance in the energy, transport and communications sectors.

of control or availability of the assets or a change in their use; and (ii) a power to impose certain duties or to oppose the acquisition of controlling shareholdings or shareholdings higher than certain thresholds in said companies.

As far as Snam is concerned, provision is made for the following duties of disclosure:

- in the event of changes to the ownership, control, availability or destination of the networks, plants, assets and relationships that are strategically important for the national interest (the "Core Assets")²⁰. Resolutions

²⁰ Article 2 of Decree-Law No. 21 of 15 March 2012 provides that the identification of assets considered to be relevant to the national interest in the energy, transport and communications sectors, as well as assets and relationships of national interest in the sectors referred to in Article 4, paragraph 1, of Regulation (EU) 2019/452 shall take place through one or more regulations adopted by Decree of the President of the Council of Ministers. On 30 December 2020, the two decrees implementing Article 2, paragraphs 1 and 1-bis of Decree-Law No. 21/2012, approved by the Council of Ministers on 18 and 23 December 2020, were published in the Official Gazette, identifying: (i) assets and relationships of national interest in the sectors referred to in Article 4(1) of Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 (Decree of the President of the Council of Ministers No. 179 of 18 December 2020); (ii) assets of strategic importance in the energy, transport and communications sectors (Decree of the President of the Council of Ministers No. 180 of 23 December 2020, replacing Decree of the President of the Council of Ministers No. 85 of 25 March 2014). In particular, Relevant Assets include the national natural gas transmission network, the related compressor stations, dispatching centres, gas storage facilities, onshore and offshore LNG regasification plants and the management activities related to the use of the aforementioned networks and infrastructures. On the other hand, the assets and relationships of national interest in the areas referred to in Article 4, paragraph 1, of Regulation (EU) 2019/452 include coastal depots of crude oil and petroleum products with a capacity of one hundred thousand cubic metres or more used for the national market, LNG storage facilities with a capacity of ten thousand cubic metres or more, platforms for managing wholesale markets in natural gas, economic activities of strategic importance carried out in the energy sector, performed by companies with an annual net turnover of not less than 300 million euro and an average annual number of employees of not less than two hundred and fifty.

passed by the Shareholders' Meeting or the management bodies concerning the transfer of Subsidiaries that hold the aforementioned Core Assets must be reported within the same time frame. If, after a period of 45 days²¹ from the notification²², the Prime Minister has not notified any veto or imposed provisions or conditions aimed at ensuring the protection of the public interest, the transaction may be carried out;

- in the event of the acquisition of shareholdings in a company that holds Core Assets²³.

²¹ If it becomes necessary to request information from the company, the time limit may be suspended only once until receipt of the requested information, which is provided within ten days

²² The Company notifies the Prime Minister within ten days of adoption of any resolution, act or operation affecting the Core Assets and, in any case, before it is implemented.

²³ Article 15, paragraph 1, of Legislative Decree No. 23 of 8 April 2020, in order to counter the epidemiological emergency from COVID-19 and contain its negative effects, provided that the notification obligation applies "to purchases for any reason of shareholdings, by foreign entities, including those belonging to the European Union, of such importance as to determine the permanent establishment of the purchaser by reason of the assumption of control of the company whose shareholding is the object of the purchase, pursuant to Article 2359 of the Italian Civil Code and the Consolidated Act referred to in Legislative Decree No. 58 of 24 February 1998, as well as acquisitions of shareholdings by foreign parties not belonging to the European Union, which attribute a share of the voting rights or of the capital of at least 10 per cent, taking into account the shares or quotas already directly or indirectly held, and the total value of the investment is equal to or greater than € 1 million, and acquisitions which determine the exceeding of the thresholds of 15 per cent, 20 per cent, 25 per cent and 50 per cent are also notified".

If the acquisition poses the threat of serious harm to the fundamental interests of the State, or a danger to security or public order²⁴, the Prime Minister may:

- make the validity of the acquisition conditional on the acquirer's assumption of commitments intended to guarantee the protection of the aforementioned interests;
- oppose the acquisition, in exceptional cases involving risks to the protection of the aforementioned interests that cannot be eliminated through the assumption of specific commitments.

The applicable law also provides that such powers may be exercised "*exclusively on the basis of objective and non-discriminatory criteria*".

²⁴ Article 14 of Decree-Law No. 148/2017, converted by law No. 172 of 4 December 2017, has partially amended the provisions of Article 2 of Decree-Law No. 21/2012. *To this end, it is established that "in order to determine whether a foreign investment may affect security or public order, consideration may be given to the fact that the foreign investor is controlled by the government of a third country, not belonging to the European Union, including through significant financing"*.

7. MECHANISM FOR EXERCISING VOTING RIGHTS IN A POSSIBLE EMPLOYEE SHARE OWNERSHIP SYSTEM

Pursuant to the Consolidated Financial Act, the articles of association of companies with listed shares may contain provisions aimed at facilitating the expression of voting by proxy by employee shareholders, thus favouring their involvement in the decision-making processes of the shareholders' meetings. In this regard, Snam's Articles of Association expressly provide that the Company shall make available to shareholders' associations that meet the requirements set out in the relevant legislation, in accordance with the

terms and procedures agreed from time to time with their legal representatives, spaces necessary for the communication and performance of the activity of collecting proxies from shareholders employed by the Company and its Subsidiaries. To date, the Company has not been notified of the establishment of any employee shareholders' association that meets the requirements identified by the Consolidated Financial Act and to which the above-mentioned provisions of the Articles of Association apply.

8. SHAREHOLDER AGREEMENTS

The main direct shareholder of Snam is CDP RETI S.p.A. the main shareholders of which are CDP S.p.A. (59.1%) and *State Grid Europe Limited* (“**SGEL**”) (35%), a company wholly owned by *State Grid International Development Limited*. CDP S.p.A., SGEL and State Grid International Development Limited are parties to a shareholders’ agreement dated 27 November 2014 (the “**Shareholders’ Agreement**”).

The Shareholders’ Agreement was first amended on 7 November 2016, following the completion of the partial and proportionate demerger to Italgas S.p.A. of the shareholding of Snam in Italgas Reti S.p.A., which was completed on 7 November 2016 (the “Demerger”), in order to i) reflect the new corporate structure of the group headed by CDP RETI S.p.A.; (ii) extend the provisions of the Shareholders’ Agreement to cover new investee company Italgas; and (iii) to coordinate the content of the Shareholders’ Agreement with the provisions of the shareholders’ agreement signed on 20 October 2016 between CDP RETI S.p.A., CDP Gas S.r.l. and Snam concerning all the shares held by CDP RETI S.p.A., CDP Gas S.r.l. and Snam in Italgas²⁵. The Sha-

²⁵ The shareholders’ agreement applying to the equity investments held in Italgas by CDP RETI S.p.A., CDP Gas S.r.l. and Snam came into effect on 7 November 2016 and governs, inter alia, the exercise of voting rights attached to the syndicated shares, the creation of an “Advisory Committee” to make decisions on the exercise of voting rights attached to the syndicated shares at Italgas Shareholders’ Meeting, the obligations and methods for the formation and submission, through this Advisory Committee, of a joint list for the appointment of members of Italgas’ Board of Directors, and certain restrictions on the sale and purchase of Italgas shares. Specifically with regard to the Consultation Committee, the Italgas Shareholders’ Agreement provides that it is to be composed of 5 members, 4 of whom are appointed by CDP RETI S.p.A. (namely 3 members, including the chairman of the committee, representing CDP S.p.A., and 1 member representing SGEL) and 1 member appointed by Snam. The voting rights associated with the shares syndicated under the shareholders’ agreement will be exercised pursuant to the resolutions adopted by the Advisory Committee: the parties have therefore undertaken to confer on the Committee chairman a general power of attorney to exercise these voting rights at the relevant shareholders’ meetings of Italgas, pursuant to the resolutions adopted by the Advisory Committee. The Shareholders’ Agreement - which contains significant provisions pursuant to Article No. 122, paragraphs 1 and 5, letters a) and b), of TUF - has been published in accordance with the relevant legislation.

reholders’ Agreement was last updated on 23 May 2017 to note the sale by CDP S.p.A. to CDP RETI S.p.A. of the entirety of the shareholding of CDP S.p.A. in Italgas S.p.A. and in Snam. In particular, on 1 May 2017, the merger by incorporation of CDP GAS S.r.l. into CDP S.p.A. came into effect, and CDP S.p.A. thus took over the ownership of the Snam and Italgas shares owned by CDP GAS on that date. Given the above, on 19 May 2017, CDP S.p.A. transferred both the entire shareholding in Italgas and the entire shareholding in Snam to CDP RETI S.p.A.

The Shareholders’ Agreement – which has a term of three years from the signing date, and will renew automatically for successive three-year periods, unless one of the parties withdraws – governs, inter alia, certain aspects relating to Snam’s corporate governance. Specifically:

- as long as SGEL holds a shareholding of at least 20% in CDP RETI S.p.A., it shall be entitled to appoint a candidate to be included on the list of candidates for the office of director of Snam, which will be submitted by CDP RETI S.p.A. at the Shareholders’ Meeting called to appoint members of the Board of Directors;
- SGEL’s candidate must be included on the list submitted by CDP RETI in a position that guarantees his/her appointment to the position of director of Snam if the CDP RETI S.p.A. list obtains a majority of votes at the Shareholders’ Meeting;
- SGEL has undertaken to ensure that the director it appoints to Snam’s Board of Directors (if and to the extent that said director is not independent pursuant to Article 148 of TUF) shall refrain, to the maximum extent permitted by law, from receiving information and/or documentation from Snam in relation to matters on which there is a conflict of interests for SGEL and/or any affiliated party, in relation to business opportunities in which Snam on the one hand, and SGEL and/or an affiliated party on the other, have an interest and may be in competition.

Furthermore, the said director may not take part in the discussions of the said matters at the Board of Directors of Snam.

The essential information pertaining to the Shareholders' Agreement is available on the Company's website(http://www.snam.it/it/investor-relations/azionariato/patti_parasociali/).

9. CHANGE-OF-CONTROL CLAUSES AND PROVISIONS ON TAKEOVER BIDS

Snam and its Subsidiaries have entered into loan agreements containing specific clauses applicable in the event of a change of control of the Company.

Specifically, these are bank financing agreements that allow the other party to terminate the contract prematurely, either after an entity or entities acting in concert, other than CDP S.p.A., gain control of Snam, or when this also entails a downgrade of Snam's credit rating to below predetermined thresholds following this acquisition of control²⁶.

Article 104, paragraph 1 of TUF:

"Unless authorised by the ordinary or extraordinary shareholders' meeting for the relevant resolutions, listed Italian companies whose securities are subject to the offer shall refrain from acts or operations that may conflict with the achievement of the objectives of the offer. [...] Merely seeking other offers does not constitute an act or operation that conflicts with the objectives of the offer"

The Articles of Association do not provide for any exceptions to the provisions on the passivity rule provided for by Article 104, paragraphs 1 and 2 of TUF.

Nor do they provide for the application of the neutralisation rules set out in Article 104-bis, paragraphs 2 and 3 of TUF.

Lo Statuto non contempla nemmeno l'applicazione delle regole di neutralizzazione contenute dall'articolo 104-bis, commi 2 e 3, del TUF.

Article 104 - bis, paragraph 2 of TUF:

"During the period of acceptance of the offer, the restrictions on the transfer of securities laid down in the Articles of Association shall not have any effect on the offerer, nor shall any restrictions on the right to vote laid down in the Articles of Association or shareholders' agreements have any effect in shareholders' meetings called to decide on the acts and operations provided for in Article 104 [...]"

²⁶ Further information on the financial agreements can be found in the 2021 Annual Financial Report, under Note 25, "Management of financial risks", of the Notes to the consolidated financial statements.

10. POWERS TO INCREASE THE SHARE CAPITAL AND AUTHORISATIONS TO BUY TREASURY SHARES

The Company's Board of Directors does not have the power to increase the share capital.²⁷ The Articles of Association provide that the Company may issue shares, including special classes of shares, to be allotted free of charge²⁸.

The Company's Ordinary Shareholders' Meeting of 28 aprile 2021 revoked the unimplemented part of the authorisation granted on 18 giugno 2020 and authorised a plan to purchase treasury shares for a maximum outlay of 500 million euros, without in any case exceeding 6.5% of the share capital subscribed and paid in respect of the treasury shares already held by the Company, to be carried out, on one or more occasions, within 18 (eighteen) months of the date of the shareholders' meeting.

The authorisation to purchase treasury shares is for the following purposes: (i) to undertake activities to promote liquidity and manage the volatility of the Company's share price and, in particular, to act in the context of contingent market situations, facilitating trading in the stock at times of low liquidity in the market and encouraging the normal course of trading; (ii) as part of actions related to future industrial and financial projects consistent with the strategies that the Company intends to pursue, including by means of the exchange, trading, contribution, sale or other act of disposal of treasury shares for the acquisition of equity investments or share packages, for industrial projects or other extraordinary financial transactions involving the allocation or disposal of treasury shares; and (iii) the execution of stock option plans of the Company and any future share incentive plans²⁹.

Treasury shares held at 31 December 2021 amounted to 89,224,007, representing 2.655% of the share capital.

27 In this regard, see Article 2443 of the Italian Civil Code.

28 In this regard, see Article 2349 of the Italian Civil Code.

29 Transaction performed pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and Article 132 of TUF.

11. DIRECTION AND COORDINATION ACTIVITIES

The shareholder CDP S.p.A. declared, in its 2014 Annual Financial Report, with effect from the reporting date of the financial statements as of 31 December 2014, the existence of a de facto controlling stake in Snam S.p.A. in accordance with IFRS 10 – Consolidated Financial Statements. Snam is not directed or coordinated by any other entity. In particular, with a communication dated 30 October 2013, CDP S.p.A. formally declared to ARERA:

- that it does not exercise direction and coordination activities with regard to Snam and its Subsidiaries;
- that it only exercises administrative and ownership rights with respect to Snam as a shareholder, without the power to influence or limit in any way the free management choices of the administrative body of Snam and its Subsidiaries, including with regard to investments, business plans and commercial strategies;
- that it does not receive any commercially sensitive or inside information on the activity of Snam and its Subsidiaries, except for information made available to all market operators in equal measure and without discrimination³⁰.

By resolution of 1 August 2019, the Board of Directors of CDP S.p.A. reclassified this participatory relationship with Snam as de facto control, also pursuant to Article 2359, paragraph 1, No. 2) of the Italian Civil Code and Article 93 of TUF. CDP S.p.A. has confirmed that it does not exercise direction and coordination activities with regard to Snam and its Subsidiaries.

Snam exercises direction and coordination activity with regard to its Subsidiaries, with the exception of Renerwaste S.r.l., Renerwaste Lodi S.r.l., Ecoprogetto Milano S.r.l. and Eco-progetto Tortona S.r.l.

³⁰ See ARERA Resolution 515/2013/R/GAS of 14 November 2013.

On 11 December 2018, Snam's Board of Directors adopted the Corporate Governance guidelines (the "**Guidelines**"), with the aim of consolidating and streamlining all regulations, guidelines and internal rules relating to corporate governance through which the direction and coordination activity within the Snam Group is carried out, specifying their interpretation and simplifying their implementation.

The Corporate Governance Guidelines contain provisions on direction and coordination activities within the Snam Group that define a standard framework for governance structures, as well as organisational and managerial rules intended to enhance the role played by Snam as an entity that performs direction and coordination activities strategically, while also considering the legal autonomy and principles of proper corporate and business management of its Subsidiaries.

In particular, the Corporate Governance Guidelines contain:

- (a) the principles, content, tools and operating methods of the strategic activity carried out by Snam with respect to its Subsidiaries, in accordance with its corporate governance system and the characteristics of its organisational structure;
- (b) the criteria, roles and responsibilities for conferring, exercising and revoking the delegated powers and powers of representation to persons operating within the scope and in the interest of Snam and its Subsidiaries;
- (c) the roles, responsibilities and procedures for conferring, managing and revoking mandates to the entity responsible for the statutory audit of Snam and its Subsidiaries;
- (d) a description of information flows aimed at
 - (i) ensuring the transparency of the management of the Company;
 - (ii) ensuring the conditions for the effective and efficient management and control of the Company's activities and business operations by the

Board of Directors; and (iii) providing the Board of Statutory Auditors with the information required for the efficient execution of its supervisory role.

The Corporate Governance Guidelines also refer to other documents adopted as part of direction and coordination activities.

This document outlines, among other things, the principles of proper corporate and business management adopted by Snam in the exercise of management and coordination activities over its Subsidiaries including, *inter alia*:

- compliance with general legislation, self-regulatory rules and the applicable industry regulations;
- control of corporate risks;

- transparency with regard to the market;
- harmonisation in the management of the Snam Group;
- maximisation of value for shareholders;
- a focus on qualified stakeholders in the areas in which the Snam Group operates;
- confidentiality obligations.

The Corporate Governance Guidelines are adopted by the Boards of Directors of the Subsidiary Companies.

The essential information pertaining to the Shareholders' Agreement is available on the Company's website http://www.snam.it/export/sites/snam-rp/repository/file/Governance/sistema_corporate_governance/169_18_snm_linee_guida_corp_gov_03.pdf

12. FURTHER INFORMATION - REFERENCES

Information³¹ on the agreements between the Company and the directors which provide for compensation in the event of resignation or dismissal without just cause or if their employment ends as a consequence of a takeover bid can be found in the specific Remuneration Policy Report, published as required by law.

The Remuneration Report is available on the Company's website

The information relating to the rules applicable to the appointment and replacement of directors, if different from the legislative and regulatory provisions that are additionally applicable, can be found in Section III,

³¹ In this regard, see the information required by Article 123-bis, paragraph 1, letter i) of TUF.

Paragraph 2 of this Report on the Board of Directors.

The information³² relating to the rules applicable to the amendment of the Articles of Association, if different from the legislative and regulatory provisions that are additionally applicable, can be found in Section III, Paragraph 1 of this Report focused on the Shareholders' Meeting.

³² In this regard, see the information required by Article 123-bis, paragraph 1, letter l), of TUF.

SECTION III SNAM'S CORPORATE GOVERNANCE SYSTEM

54 1. SHAREHOLDERS' MEETING AND SHAREHOLDERS' RIGHTS

- 54 1.1 Overview and quorums
- 54 1.2 Shareholders' Meeting regulation
- 54 1.3 Shareholder's Meetings held in 2021

56 2. SNAM'S BOARD OF DIRECTORS

- 56 2.1 Role of the Board of Directors
- 59 2.2 Snam's Board of Directors
- 67 2.3 Snam's diversity policy
- 70 2.4 Maximum accumulation of offices held at other companies
- 71 2.5 Functioning of the Board of Directors
- 72 2.6 Meetings of the Board of Directors
- 75 2.7 Chair of the Board of Directors
- 75 2.8 Secretary of the Board of Directors
- 75 2.9 Chief Executive Officer
- 75 2.10 Other executive directors
- 76 2.11 Independent directors 55
- 78 2.12 Lead independent director
- 78 2.13 Board Evaluation
- 80 2.14 Succession plans
- 81 2.15 Remuneration system for directors and key management personnel

82 3. SNAM'S COMMITTEES

- 83 3.1 Appointments Committee
- 84 3.2 The Remuneration Committee
- 85 3.3 The Control and Risk and Related-Party Transactions Committee
- 88 3.4 Environmental, Social & Governance Committee

91 4. SNAM'S BOARD OF STATUTORY AUDITORS AND EXTERNAL AUDITORS

- 91 4.1 Snam's Board of Statutory Auditors
- 95 4.2 Board of Statutory Auditors evaluation
- 95 4.3 External Auditors

96 5. INDUCTION PROGRAMME FOR DIRECTORS AND STATUTORY AUDITORS

97 6. RELATIONS WITH SHAREHOLDERS AND INVESTORS

- 97 6.1 Engagement Policy
- 97 6.2 Engagement activities carried out

100 7. CONSIDERATIONS REGARDING THE 2022 RECOMMENDATIONS OF THE CORPORATE GOVERNANCE COMMITTEE

1. SHAREHOLDERS' MEETING AND SHAREHOLDERS' RIGHTS

1.1 Overview and quorums

The Shareholders' Meeting is the shareholders' decision-making body. The Shareholders' Meeting shall be responsible for the matters provided for by law, except for the power of the Board of Directors to resolve on proposals concerning: (i) mergers in the cases referred to in Articles 2505 and 2505-*bis* of the Italian Civil Code, also as referred to for demergers; (ii) the establishment, modification and elimination of secondary offices; (iii) the reduction of the share capital in the event of withdrawal of shareholders; (iv) the adaptation of the Articles of Association to regulatory provisions; (v) the transfer of the registered office within Italy.

Shareholders' Meetings are privileged corporate meetings between the Company's management and its shareholders. The Shareholders' Meeting, with different quorums, may meet in ordinary or extraordinary session, depending on the agenda items and issues to be approved. The Articles of Association provide that Shareholders' Meetings shall be held on a single call, whether in ordinary or extraordinary session. The course of shareholders' meetings is governed by the Regulation for Shareholders' Meetings approved by the Company's ordinary Shareholders' Meeting, as set out in Paragraph 1.2 below.

ORDINARY SHAREHOLDERS' MEETING (SINGLE CALL)

Constituent quorum	Quorum to pass resolutions
Not applicable	A majority of those in attendance in person or by proxy ³³

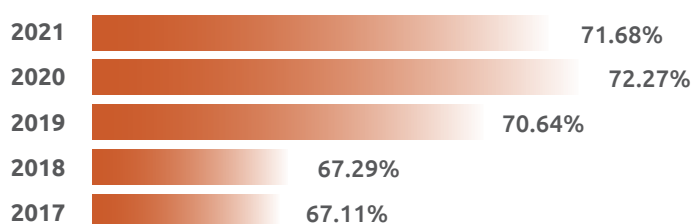
EXTRAORDINARY SHAREHOLDERS' MEETING (SINGLE CALL)

Constituent quorum	Quorum to pass resolutions
At least one-fifth of the share capital	At least three-quarters of the share capital represented at the Shareholders' Meeting

The following table shows the attendance rates at Ordinary and Extraordinary Shareholders' Meetings held from the 2017 financial year.

³³ With the exception of specific matters that require a majority of three-quarters of the share capital.

ATTENDANCE PERCENTAGES AT THE 2017 - 2021 SHAREHOLDERS' MEETING (% OF SHARE CAPITAL)



In order to facilitate the expression of votes by proxy by employee shareholders, thereby favouring their involvement in the decision-making processes at shareholders' meetings, Snam's Articles of Association expressly provide that the Company shall make available to shareholders' associations that meet the requirements set out in the relevant legislation, according to the terms and procedures agreed from time to time with their legal representatives, spaces necessary for communicating and carrying out the activity of collecting proxies from shareholders employed by the Company and its Subsidiaries.

1.2 Shareholders' Meeting regulation

Snam established its Shareholders' Meeting Regulation in 2001.

The Shareholders' Meeting Regulation is available on the Company's website (https://www.snam.it/export/sites/snam-rp/repository/ENG_file/Governance/Social_bodies/Shareholders_meeting/Regulation_meetings/regolamento_assemblee.pdf).

For further information on the functioning of the Shareholders' Meetings, see Annex 2 to this Report.

1.3 Shareholder's Meetings held in 2021

The Shareholders' Meeting took place twice in 2021: on 2 February 2021 in extraordinary session, and on 28 April 2021, in ordinary session.

A. On 2 February 2021 in extraordinary session, the Shareholders' Meeting approved:

- the amendment of Article 2 of the Articles of Association, in order to recognize: (i) the Company's commitment to *"encouraging the energy transition towards forms of using resources and energy sources that are compatible with environmental protection and progressive decarbonisation"*; (ii) the principle of pursuing sustainable success among the goals to which the Company's business activities must conform, through the creation of long-term value for the benefit of shareholders and promoting, at the same time, the satisfaction of the interests of stakeholders relevant to the Company; (iii) Snam's corporate purpose, *"Energy to inspire the world"*;
- the amendment of Article 12 of the Articles of Association, in order to eliminate the necessary authorisation by the Shareholders' Meeting for the sale, transfer, lease, usufruct and any other act of disposition, also within the framework of joint ventures, or which place constraints on the company or business units of strategic importance related to gas transport and dispatching activities;
- the amendment of Article 13 and Article 24 of the Articles of Association, in order to adapt the provisions of the Articles of Association on the quota reserved for the least represented gender in corporate bodies to the new regulatory framework, as per Article 1, paragraphs 302-303, of Law No. 160 of 27 December 2019.

The meeting was attended by eight directors, namely: the Chair of the Board of Directors Nicola Bedin, the Chief Executive Officer Marco Alverà and the directors Laura Cavatorta, Alessandro Tonetti, Yunpeng He, Antonio Marano, Francesca Pace and Rita Rolli.

B. On 28 April 2021 in ordinary session, the Shareholders' Meeting resolved:

- to approve the financial statements as at 31 December 2020, allocation of profit for the year and distribution of the dividend;
- to authorise the purchase and sale of treasury shares, subject to revocation of the authorisation granted by the Ordinary Shareholders' Meeting on 18 June 2020 for the unperformed part;
- to approve the Report on Remuneration Policy and compensations paid pursuant to Article 123-ter of TUF;
- the amendment to the 2020-2022 Long-Term Share-Based Incentive Plan;

This meeting was attended by all the members of the Board of Directors.

In view of the health emergency from the "COVID-19" epidemic and taking into account the measures aimed at containing the contagion, the Company availed itself of the option provided for by Article 106, paragraph 4, of Decree-Law No. 18 of 17 March 2020, concerning "Measures to strengthen the National Health Service and economic support for families, workers and businesses related to the epidemiological emergency from COVID-19", as time-to-time amended, providing that intervention at the Shareholders' Meeting by those entitled to vote could take place exclusively through the Representative Appointed by the Company pursuant to Article 135-undecies of the TUF.

The Chair of the Remuneration Committee, Francesca Pace, introduced the contents of the 2021 Report on the Remuneration Policy and compensations paid and, in particular, the guidelines of the remuneration policy adopted by the Company. It also reported on the activities performed during the financial year, focusing in particular on the Committee's commitment, since it was set up, to ensure that the remuneration policies represent a tool for the Company to achieve its strategic objectives, with the ultimate aim of creating value for the shareholders and with particular attention to the sustainability of the initiatives undertaken and the transparency in sharing them also thanks to the constant and fruitful cooperation with the ESG Committee.

Avv. Pace reported that the Report on Remuneration Policy and compensations paid also encourages effective gender equality, as part of the gender pay gap monitoring activities carried out by the Company to reduce and eliminate pay differences between women and men.

At the Shareholders' Meetings indicated above, the Board of Directors ensured that shareholders had adequate information, making reports on the draft resolutions available at the Company's registered office, at Borsa Italiana and on the Company website, as well as through the other means prescribed by law. These reports were also sent to those who requested them. The Board of Directors did not submit to the Shareholders' Meeting any proposals to change the corporate governance system adopted, as it is already functional to the company's needs.

2. SNAM'S BOARD OF DIRECTORS



2.1 Role of the Board of Directors

The Board of Directors plays a central role in the Company's corporate governance structure, defining the strategic, organisational and control policies of the Company and its Subsidiaries and monitoring the relevant implementation, in a manner consistent with the statutory corporate purpose "*Energy to inspire the world*", with a view to (i) promoting the energy transition towards forms of resources and energy use compatible with environmental protection and progressive decarbonisation and (ii) pursuing sustainable success through the creation of long-term value to the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company.

The Board of Directors is indeed the central body within Snam's corporate governance system and is vested with the broadest powers for the ordinary and extraordinary administration of the Company. It is entitled to adopt any measures it deems necessary in order to im-

plement and achieve the corporate objective, with the sole exception of measures that are reserved, by the law or by the Articles of Association, for the Shareholders' Meeting. The Board of Directors appoints the Chair, if the Shareholders' Meeting has not already done so, delegates its powers to one or more of its members and may set up internal Committees. Pursuant to Article 2381 of the Italian Civil Code, Snam's Board of Directors has assigned itself a series of powers, in addition to those which by law cannot be delegated and those set out in the Corporate Governance Code.

A description of the powers that the Board has assigned itself pursuant to Article 2381 of the Italian Civil Code is available on the Company website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/sistema_corporate_governance/Attribuzioni_riservate_ex_art._2381_cc.pdf) and shown in the table as follows

Examination and approval of strategic, business and financial plans

- Defines the strategic guidelines and the objectives of the Company and the Group, including the sustainability policies
- Examines and approves, monitoring the relevant implementation, the strategic, business and financial plans of the Company and the Group, on an annual basis, as well as the Company's strategic agreements and its annual and multi-year infrastructure plan
- Examines and approves the financial statement of the Company and the consolidated financial statement, the half-year report, interim reports on operations of the Company and the consolidated ones, the Sustainability Report and the Report on Corporate Governance and Ownership Structure

Definition of corporate governance and Group structure

- It defines the system and rules of corporate governance of the Company and the Group. In particular:
- Adopts rules that ensure the transparency and correctness of transactions with related parties and transactions in which directors and statutory auditors have an interest, following consultation with the Control and Risk and Related-Party Transactions Committee
 - Adopts a procedure for the management and communication of corporate information, with a specific focus on inside information
 - Establishes internal Committees, having propositional and advisory functions, appointing their members, setting out their tasks and approving their regulations, from which it receives half-yearly reports
 - Appoints and revokes the general managers and the Financial Reporting Officer, and identifies the person responsible for shareholder relations
 - Ensures that the Chief Executive Officer identifies the person responsible for the structure in charge of managing relations with shareholders
 - Resolves upon the exercise of voting rights at the Shareholders' Meetings of the Subsidiaries, upon proposal of the Chief Executive Officer
 - Resolves, upon proposal of the Appointments Committee, on the appointments of the members of the corporate bodies of Subsidiaries included in the scope of consolidation and of strategic foreign subsidiaries
 - Formulates proposals for resolutions to be submitted to the Shareholders' Meeting.

Assessment of the adequacy of the organisational, administrative and accounting structure

- Defines the basic guidelines for the organisational, administrative and accounting structure of the Company and its Subsidiaries, evaluating its adequacy on an annual basis, with a particular focus on the internal control and risk management system
- Defines, after consulting the Control and Risk and Related-Party Transactions Committee, guidelines for the internal control and risk management system, in order to ensure the identification, measurement, management and monitoring of key risks, and also determining the degree of compatibility of these risks with a management of the Company and the Group consistent with the identified strategic objectives, evaluating annually their adequacy and effectiveness
- Assesses, after consulting the Control and Risk and Related-Party Transactions Committee and the Board of Statutory Auditors, the results presented by the external auditors in any letter of suggestions and in the report on the fundamental questions arising from the audit
- Appoints and revokes the Head of Internal Audit, defining his/her remuneration in line with the Company's remuneration policies, and ensures that it has adequate resources to carry out its duties
- Approves, at least once a year, the Audit Schedule prepared by the Internal Audit Manager

Continuous assessment of general operational performance and relations with the delegated bodies

- Assesses the general management performance, having regard to the information received from the delegated bodies, paying particular attention to situations of conflicts of interest and periodically comparing the results achieved, as stated in the financial statements and the periodic accounting statements, with those of the budget
- Assigns and revokes powers to the members of the Board of Directors, in particular the Chair and the Chief Executive Officer, identified as the Director in charge of the internal control and risk management system, defining their limits, methods of exercise and related remuneration, who report at least quarterly to the Board of Directors and the Board of Statutory Auditors on the exercise of their powers and on the most important economic and financial transactions carried out by the Company and its Subsidiaries, as well as on transactions with related parties³⁴
- Has the power to issue directives to the delegated bodies and take over operations falling within the scope of the delegated powers
- Examines and resolves on other issues that the directors with delegated powers deem appropriate to bring to the attention of the Board of Directors, due to their particular relevance and sensitivity

34 The disclosure shall be made promptly in the event of transactions in which the directors have an interest of their own or on behalf of third parties, or which are influenced by any person exercising management and coordination activities. This disclosure is normally provided for at each board meeting.

Approval of the significant transactions of Snam and the Subsidiaries

- Approves: (i) mergers in the cases referred to in Articles 2505 and 2505-bis of the Italian Civil Code, also as referred to for demergers; (ii) the establishment, modification and elimination of secondary offices; (iii) the reduction of the share capital in the event of withdrawal of shareholders; (iv) the adaptation of the Articles of Association to regulatory provisions; (v) the transfer of the registered office within the country
- Resolves, on proposal of the CEO, upon the transactions of the Company and its Subsidiaries, in the context of exercising management and coordination activities which are of significant strategic, economic, capital and financial importance for the Company and the Group. This is without prejudice, in any case, to compliance with the confidentiality obligations relating to the commercial relations between the Company and the Subsidiaries and/or third parties.

Transaction are considered to be of significant strategic, economic, capital or financial importance if they concern:

- acquisitions, alienations, divestitures, transfers of companies or business units (including rent and usufruct), real estate and/or shares worth more than 100 million euro
- contracts for the sale of goods and/or services relating to the commercial activities of the Company and its Subsidiaries and supply contracts, worth over 1 billion euro and/or with a duration of over 15 years
- contracts directly related to the activities indicated in the corporate purpose and/or relating to the day-to-day management of corporate activities worth over 100 million euro and/or with a duration of over 15 years
- the stipulation, amendment and termination of credit line contracts for sums exceeding 2 billion euro and/or with a duration of over 15 years
- the provision by the Company and Subsidiaries of loans to third parties outside Snam and Subsidiaries;
- suretyships and other forms of personal guarantee, as well as letters of patronage, in relation to obligations assumed or to be assumed by companies in which the Company directly or indirectly holds an equity investment, for amounts greater than 100 million euro and in any case if the amount is not proportional to the investment held therein;
- suretyships guaranteeing obligations assumed or to be assumed by the Company with third parties, worth over 100 million euro
- the Company's brokerage contracts

Assessment of the size, composition and functioning of the Board of Directors and the Committees

- Assesses, on an annual basis, the composition and functioning of the Board and the Board Committees, assisted by an external advisor. The aspects assessed include: (i) the role of the Board of Directors in the strategic planning process, (ii) interaction between the Board and the Committees, (iii) the quality of Board information and debate, and (iv) the qualitative and quantitative composition of the Board and the Committees, referring in particular to the relationship between the executive, non-executive and independent directors and their individual expertise and experience. For further information, please refer to Paragraph 2.13 of this Section.
- Expresses to the shareholders, when appointing the Board of Directors, guidelines on the professional figures whose presence on the Board is considered appropriate, also taking into account the results of the annual assessment on the functioning of the Board itself and its committees, as well as on their size and composition

Definition of remuneration policy

- Defines, after examining the proposals of the Remuneration Committee, the policy for the remuneration of directors, general managers and Executives with strategic responsibilities of the Company and its Subsidiaries and the compensation systems. For further information, please refer to Paragraphs 2.15 and 7 of this Section.
- Implements the remuneration plans based on shares and/or financial instruments approved by the Shareholders' Meeting
- Approves the Remuneration Report and assesses, subject to the necessary opinion of the Remuneration Committee, the content of the vote on the Remuneration Report cast by the Shareholders' Meeting and the Committee's proposals on the adequacy, overall consistency and application of the Remuneration Policy for Directors and Executives with strategic responsibilities adopted

On 29 July 2021, the Board of Directors approved the Policy for managing dialogue with the Shareholders and other stakeholders, also taking into account the engagement policies adopted by institutional investors and asset managers and in line with the recommendations of the Corporate Governance Code, for which please refer to Paragraph 6.1 of this Section.

For further information on the main activities carried out by the Board of Directors during the financial year in relation to the above-mentioned matters and the related procedures, please refer to Paragraph 2.6 of this Section.



For the powers relating to the election and composition of the Board of Directors, please refer to Paragraph 2.3 of this Section; for those relating to the functioning of the Board of Directors, please refer to Paragraph 2.5 of this Section.

The Shareholders' Meeting has not authorised, in general or as a preventive measure, any exemptions from the prohibition on competition pursuant to Article 2390 of the Italian Civil Code.

2.2 Snam's Board of Directors

(i) General profiles, election and replacement

The Company shall be managed by a Board of Directors numbering no fewer than five and no more than nine members, with their number and term of office being established by the Shareholders' Meeting at the time of election.

For a description of the provisions of the Articles of Association governing procedures for the appointment of the Board of Directors and the term of office, termination and dismissal of its members, see Annex 3 to this Report. In accordance with Consob determination No. 60 of 28 January 2022, the minimum shareholding required for the submission of lists of candidates for the election of Snam's corporate bodies of administration and control is equal to 0.5%.

All candidates to the office of director must meet the integrity requirements prescribed by regulations in force. Moreover, as indicated in Article 13.3 of the Articles of Association, pursuant to the Decree of the President of the Council of Ministers of 25 May 2012, setting forth "*Criteria, conditions and terms for the adoption of the model for the demerger of Snam S.p.A., in accordance with Article 15, of Law no. 27 of 24 March, 2012*", the directors may not be appointed to offices in administrative or control bodies or in managerial positions at ENI S.p.A. and its subsidiaries, nor may they entertain any direct or indirect, professional or financial relationship with the aforementioned companies.

For information on board evaluation and succession plans, please refer, respectively, to Paragraphs 2.13 and 2.14 of this Section.

(ii) Composition of Snam's Board of Directors

Appointment	2 April 2019
Duration	Three financial years
Expiry	Approval of the financial statements as at 31 December 2021
Members	9
Executive	1
Independent	6 (independent pursuant to the TUF and the Corporate Governance Code) ³⁵
Committees	<ul style="list-style-type: none"> • Control and Risk and Related-Party Transactions Committee • Appointments Committee • Remuneration Committee • <i>Environmental, Social & Governance</i> Committee ("ESG")

Snam was recognised in 2014 as the best Italian company for transparency and compliance in the process of appointing directors³⁶. This recognition is the result of Snam's ongoing alignment with the highest international governance standards and bears witness to the significant results achieved in recent years by the Company in its relationship with institutional investors.

When the Board of Directors was renewed on 2 April 2019, the following two lists of candidates were submitted:

- (i) a list of 8 candidates submitted by CDP RETI S.p.A.; and
- (ii) a list of 3 candidates submitted by institutional investors.

The share capital represented at the Shareholders' Meeting, all holders of which voted on the appointment of directors through list voting, accounted for 70.47% of the Company's share capital.

The list submitted by CDP RETI S.p.A. obtained the most votes (37.74% of the share capital represented in the Shareholders' Meeting), while the list submitted jointly by the institutional investors was voted for by 32.55% of the share capital represented in the Shareholders' Meeting.

³⁵ As specified in the table below.

³⁶ This is the result of a study carried out by the United Nations through the Principles for Responsible Investment Initiative (PRI), a network which brings together institutional investors that focus more on the principles of sustainability and social responsibility in their investment choices.

Therefore, based on the provisions in the Articles of Association on the applicable list voting mechanism, 6 candidates were appointed from the majority list submitted by CDP RETI S.p.A. and 3 from the list presented by the institutional investors.

The table below shows key information on the composition of the current Board of Directors of the Company, including which lists the current Directors were appointed from and which directors meet the independence requirements pursuant to the TUF and the Corporate Governance Code³⁷.

Director	Office and Position	List in which he/she was submitted	Attendance (out of 13 meetings)	CCRRPTC	AC	CR	ESGR
Nicola Bedin (1977)	Non-executive director and Chair ⁽¹⁾	⁽²⁾ .	13				
Marco Alverà (1975)	Chief Executive Officer	CDP RETI S.p.A. list (M)	13				
Laura Cavatorta (1964)	Non-executive director ⁽¹⁾	List submitted jointly by the institutional investors (m)	13		X		X
Francesco Gori (1952)	Non-executive director ⁽¹⁾	List submitted jointly by the institutional investors (m)	13	X			
Yunpeng He (1965)	Non-executive director	CDP RETI S.p.A. list (M)	13				X
Antonio Marano (1960)	Non-executive director ⁽¹⁾	CDP RETI S.p.A. list (M)	13	X	X		
Francesca Pace (1961)	Non-executive director ⁽¹⁾	CDP RETI S.p.A. list (M)	13	X		X	
Rita Rolli (1969)	Non-executive director ⁽¹⁾	List submitted jointly by the institutional investors (m)	11			X	X
Alessandro Tonetti (1977)	Non-executive director	CDP RETI S.p.A. list (M)	13		X	X	

⁽¹⁾ Independent director pursuant to the TUF and the Corporate Governance Code.

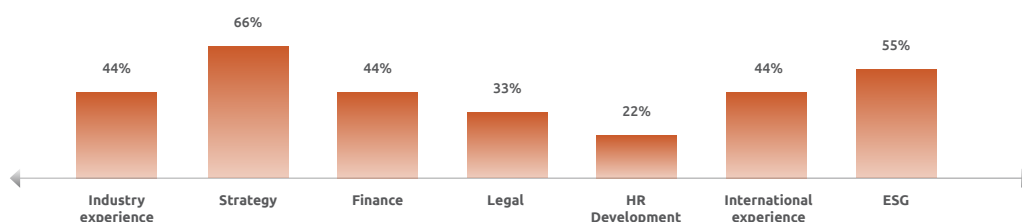
⁽²⁾ Director appointed by the Ordinary Shareholders' Meeting on 18 June 2020 on the proposal of the shareholder CDP Reti S.p.A., to replace Luca Dal Fabbro, who had previously resigned with effect from the date of the Shareholders' Meeting.

- CCRRPTC: Control and Risk and Related-Party Transactions Committee
- AC: Appointments Committee
- CR: Remuneration Committee
- ESGR: Environmental, Social & Governance Committee

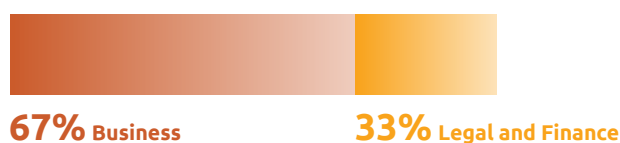
M/m: taken from the list obtaining the majority (M)/minority (m) of the votes cast by the capital represented at the meeting

37 Further information on the lists of candidates is available on the Company website (<http://www.snam.it/it/etica-governance/assemblee-degli-azionisti/>). For details on the appointment dates and term-end dates of the directors, see the table in Annex 1 to Section IV.

EXPERTISE OF DIRECTORS



% of business skills versus legal and finance skills



For further information on the professional skills and characteristics, as well as other offices held by the Directors, please refer to number (iii) below.

Three out of nine members of the Board of Directors are women. The number of women complies with the provisions of the gender balance legislation applicable at the time of appointment by the Shareholders' Meeting of 2 April 2019³⁸. Moreover, two out of the four Board Committees are chaired by women.

The Board of Directors certified – as recently confirmed at the board meeting of 17 February 2022 – that there are no grounds for ineligibility, forfeiture or incompatibility in relation to the directors in office, and that they fulfil the integrity requirements established applicable legislation.

The Board of Directors, lastly on 17 February 2022, certified that on the basis of his declaration, there are no grounds for incompatibility pursuant to Article 16.4 of the Articles of Association and that he meets the integrity

38 It should be noted that Article 147-ter, paragraph 1-ter of TUF was most recently amended by Law No. 160 of 27 December 2019, which provided for a different quota for the less-represented gender of at least two-fifths of the elected directors. However, this new gender balance criterion will apply from the first renewal of the administrative and control bodies following the entry into force of Law No. 160 of 27 December 2019 on 1 January 2020.

requirements established in applicable legislation³⁹.

All the Directors have the professionalism and the expertise appropriate for the tasks entrusted to them, as described below.

The periodic assessment of the compatibility of the offices of director or statutory auditor held by the directors with the effective performance of the office of director in Snam and of the absence of causes of incompatibility and ineligibility, and of the possession of the requirements provided for by applicable regulation and by the Articles of Association by the directors and the Financial Reporting Officer was lastly carried out at the Board meeting of 17 February 2022, during which Qinjing Shen was also appointed director, replacing the resigning director Yunpeng He (for further information, please refer to Section V of the Report).

(iii) Our Directors

A short biography of each director of the Company currently in office is provided below⁴⁰.

39 Article 147-quinquies of TUF provides that "the parties that perform management functions must meet the integrity requirements laid down for members of control bodies by the regulations issued by the Ministry of Justice pursuant to Article 148, paragraph 4 of the TUF". These requirements were set forth by Article 2 of Decree of the Ministry of Justice 162/2000 ("Regulations containing rules for setting the professionalism and integrity requirements for members of the board of statutory auditors of listed companies to be issued based on Article 148 of TUF").

40 For the full versions of the CVs of each director of the Company currently in office, visit the following web site: <http://www.snam.it/it/etica-governance/consiglio-di-amministrazione/>.

Nicola Bedin

Nationality: Italian

Professional background: Manager



Career

Born in Montebelluna (TV) in 1977.

Graduated with honors in Business Administration from Bocconi University. He completed his fourth year of high school in the United States (Charter Oak High School), where he also returned during his college education, at the University of Texas at Austin and the University of California at Berkeley.

At the beginning of 2018, he set up Lifenet Healthcare, an entrepreneurial initiative in the healthcare sector that to date includes ten hospital and outpatient companies and employs around 800 people, with a presence in Lombardy, Piedmont and Emilia-Romagna. He began his professional career as a financial analyst in Mediobanca, from 2001 to 2004, when he was hired by Prof. Giuseppe Rotelli as his assistant (and a year later CEO) in the San Donato Hospital Group. From October 2005 to September 2017, he was Chief Executive Officer of Gruppo Ospedaliero San Donato, the leading Italian operator in the hospital sector. During these twelve years, the group's annual revenues increased from approximately € 600 million to € 1.6 billion.

He was also Chief Executive Officer of IRCCS Ospedale San Raffaele from May 2012 (when he joined the Group) until September 2017, personally leading its reorganization and relaunch.

From 2015 until September 2017, he was also CEO of the Vita-Salute San Raffaele University.

He was from 2016 to April 2019 a non-executive director of the listed Italgas S.p.A., of which he was Chair of the Sustainability Committee and a member of the Audit and Risk and Related Party Transactions Committee.

He is an adjunct professor at the University of Pavia where he teaches applied economics.

Marco Alverà

Nationality: Italian

Professional background: Manager



Career

Born in New York in 1975.

Since 2016 he has been Chief Executive Officer and General Manager of Snam, one of the world's leading energy infrastructure companies.

He has about 20 years of experience in the largest Italian energy companies. Graduated in 1996 in Economics and Philosophy at London School of Economics, in the following year he began his career at Goldman Sachs in London.

The career of Snam's CEO has always been driven by a passion for energy and innovation. In 2000, together with other partners, he founded Netesi, the first Italian broadband ADSL company. His career continued in 2002 when he joined Enel, where he was Director of Group Corporate Strategy. In 2004 he moved to Wind and for about a year held the position of Chief Financial Officer, overseeing, among other things, the company's transition to the Orascom group.

In 2005, Marco Alverà joined Eni, where he held several management roles of growing responsibility, from Head of Gas Supply & Portfolio Development to CEO of Eni Trading & Shipping to Chief Retail Market Gas & Power. After 12 years in Eni, in April 2016 Marco Alverà became Chief Executive Officer of Snam, a company listed on the FTSE MIB index of the Milan Stock Exchange, which deals with the transportation, storage and regasification of natural gas and the new businesses of the energy transition.

He has also been a member since 2016 of the General Council of the Giorgio Cini Foundation in Venice; since 2017 he has also been a Non-Executive Director of S&P Global, a financial information and analysis firm, of which he chairs the Finance Committee of the board. He is also a board member of ISPI (Institute for International Policy Studies) as well as being a Visiting Fellow of Oxford University and Vice-President of the Snam Foundation.

In 2019, together with his brother Giorgio and cousins, Marco Alverà set up the Kenta Foundation, a non-profit organisation dedicated to the memory of his grandmother, Kenta Alverà, a writer, art historian and women's rights activist. The aim of the Foundation is to provide a platform to connect people, energy and ideas, in support of art, culture, environmental sustainability and education.

Laura Cavatorta

Nationality: Italian

Professional background: Manager

Board Committees: Appointments Committee, Chair of the Environmental, Social & Governance Committee



Career

Born in Treviso in 1964.

Independent director of Snam since 2 April 2019.

She graduated in sociology with honours.

She has more than 20 years of management experience in the Alitalia Group, holding positions with increasing, even in operational positions with 3,000-5,000 employees; she also managed the airline Air One from 2012 to 2014, bringing it back to breakeven.

She has specific expertise in the restructuring, merger, acquisition and commissioning phases, in developing a particular awareness on the Human Capital management and on the many aspects involved in each business change.

She deals with corporate governance, with a specific focus on ESG issues and on the different ways to substantiate an approach aimed at sustainable development over time. She follows the B Corp movement and its paradigm of sustainable business, able to develop profits together with a positive impact on society and the environment. She is the founder and a member of the Managing Board of the ESG European Institute. She supports gender equality, the development of women's talents and merit-based careers, believing in the need for women to be fully integrated into all spheres of society and their deserved presence even in top positions.

She is on the boards of the ESG European Institute and Fuori Quota, non-profit bodies active respectively on sustainability and women's empowerment; she collaborates in ASviS on the Gender Equality goal of the UN 2030 Agenda.

Since 2018 she has been an Independent Director of Infrastrutture Wireless Italiane, for which she is also Chair of the Sustainability Committee and member of the Nomination and Remuneration Committee.

Francesco Gori

Nationality: Italian

Professional background: Manager

Board Committees: Chair of the Control and Risk and Related-Party Transactions Committee



Career

Born in Florence in 1952.

Director of Snam since 26 March 2013.

After high school, he graduated in Business and Economics with honours from the University of Florence, working at the same time in a software company and then in a paper industry.

He joined the Tyre division at Pirelli in 1978, where he was promoted to executive in 1984 and, after gaining a range of experience in sales, marketing, M&A and management roles in Italy and abroad, was appointed general manager of the Division in 2001, CEO of Pirelli Tyre S.p.A.

in 2006 and, in 2009, also General Manager of Pirelli & C. During his ten years at Pirelli, Pirelli Tyre doubled its sales and gross operating margin, generating cash by implementing a premium strategy that enabled top and bottom line growth above that of benchmark competitors, culminating in its entry into F1 as an exclusive supplier since 2010.

From 2006 to 2011, for two consecutive terms, he has been elected Chair of ETRMA, the European Tyre & Rubber Manufacturers' Association.

In 2012, he leaves on his own initiative the Pirelli Group. From 2013 to 2015 he was an Industrial Advisor at Malacalza Investimenti, Pirelli's second-largest shareholder. Since 2014, he has been Managing Director of the Corporate Credit Recovery 1 fund of DEA Capital Alternative Funds SGR (De Agostini Group) and since 2018, he has been a senior Advisor of the Corporate Recovery 1 and 2 funds.

In 2015, he was appointed non-executive director of the supervisory and management boards of Apollo Tyres, a leading company in the sector that is listed in India. From 2016 to 2018 he assumed the role of Executive Chair at Benetton Group Srl. He has been a member of the Board of Directors of Prysmian Group S.p.A. since September 2018 following co-option.

In July 2021, he was co-opted onto the Board of Directors of IED S.p.A., Istituto Europeo di Design, and in September 2021 appointed as Chief Executive Officer.

Yunpeng He

Nationality: Chinese

Professional background: Manager

Board Committees: Environmental, Social & Governance Committee



Career

Born in Baotou City (Inner Mongolia, China) in 1965.

Director of Snam since 26 January 2015.

He obtained a Specialised Degree in Electrical Systems and Automation from the University of Tianjin and a Master's in Technology Management from the Rensselaer Polytechnic Institute ("RPI").

He is currently a member of the Board of Directors of IPTO S.A. (TSO of the Greek electricity transmission network). He has held the position of Director of CDP Reti S.p.A. (he resigned from office on 18 November 2021), Terna S.p.A. (he resigned from office on 11 January 2022, effective as of his replacement) and Italgas S.p.A. (he resigned from office on 11 January 2022, effective as of his replacement).

He was Deputy General Manager of the European Office of the State Grid Corporation of China from January 2013 to December 2014.

He has also held the following positions at the State Grid Tianjin Electric Power Company: Deputy Chief Technical Officer ("CTO") from December 2008 to September 2012, Director of Business and Legal from June 2011 to September 2012, Director of Planning and Development from October 2005 to December 2008, Director of Planning and Design from January 2002 to October 2005. He also served as Chief of Tianjin Binhai Power Company from December 2008 to March 2010 and President of Tianjin Electric Power Design Institute from June 2000 to January 2002.

Antonio Marano

Nationality: Austrian

Professional background: Manager

Board Committees: Control and Risk and Related-Party Transactions Committee, Chair of the Appointments Committee



Career

Born in Villach (Austria) in 1960.

Director of Snam since 2 April 2019.

He graduated in Law at the University of Bologna.

He is currently managing director of Partners 4 Energy S.r.l., an independent financial advisory firm with a focus on infrastructure and renewable energy.

In these areas, he provides strategic support to financial institutions and companies on mergers and acquisitions, financing and fund raising. He is Chair of Aeroporto FVG S.p.A.

After holding managerial positions in financial companies, in 1998 he became General Manager for Italy at Commerzbank AG and, subsequently, in 2003, Director of Development at Autostrade S.p.A. After holding the position of Managing Director and General Manager of Scala Capital S.p.A., in 2007 he became Deputy General Manager of Unicredit Corporate Banking and Head of the "Public Sector FIG & Infrastructures Italia" structure.

Francesca Pace

Nationality: Italian

Professional background: Academic and professional career

Board Committees: Control and Risk and Related-Party Transactions Committee, Chair of the Remuneration Committee



Career

Born in Rome in 1961.

Director of Snam since 2 April 2019.

She graduated in Law with honours at "La Sapienza" University of Rome.

She is registered on the Register of Judicial Administrators - Experts in Business Management Section, and the Register of Barristers of the Supreme Court.

As Barrister of the Supreme Court she practices in the areas of commercial, civil and regulatory law.

She is the Extraordinary Commissioner of shares of companies subject to extraordinary administration proceedings and judicial custodian of companies.

She has served as judicial commissioner and has been a member of the Board of Directors of Banca Tercas and Acquadotto Pugliese S.p.A., Independent Director of Cassa di Risparmio di Orvieto and Director of Legal and Corporate Affairs of WIND Telecomunicazioni S.p.A.

Rita Rolli

Nationality: Italian

Professional background: Academic and professional career

Board Committees: Remuneration Committee, Environmental, Social & Governance Committee



Career

Born in Forlì in 1969.

Director of Snam since 2 April 2019.

She graduated in Law with honours at the University of Bologna. She is registered with the Register of Barristers of the Supreme Court and works in the field of civil law, commercial and corporate law, in both judicial and extra judicial proceedings, in arbitration proceedings and in resolution of corporate financial crises (Galgano law firm).

She is Full Professor of Private Law at the Law School of the Department of Legal Sciences at the University of Bologna.

Independent Director and Chairwoman of the Control and Risk and Sustainability Committee as well as member of the Trevifin S.p.A. Related Party Transactions Committee and standing Statutory Auditor of the company Sogefi S.p.A.

She is author of several publications and monographs and participates in the editing of prestigious legal journals.

Alessandro Tonetti

Nationality: Italia

Board Committees: *Appointments Committee, Remuneration Committee*

Professional background: *Academic and management career*



Career

Born in Ronciglione (VT) in 1977.

Director of Snam since 27 April 2016.

He is Deputy General Manager and Chief Legal Officer of Cassa Depositi e Prestiti S.p.A.

He graduated with honours in Law and won two one-year scholarships for postgraduate completion courses in Administrative Sciences, with a particular focus on Public Economic Law, under the direction of Professor Sabino Cassese. Subsequently, he obtained a PhD in Administrative Law and Organisation and Functioning of the Public Administration at the University of Rome and a postgraduate specialisation diploma in European Public Law at the Academy of European Public Law of the Kapodistrian University of Athens, with an in-depth examination on the subject of competition and state aid.

Since December 2010, he has been a manager at Cassa Depositi e Prestiti S.p.A. From June 2013 to February 2016, he first became a member of the Technical Unit for the Coordination of Economic Policy in support of the Presidency of the Council of Ministers, then, since March 2014, Deputy Head of Cabinet of the Ministry of Economy and Finance. In the latter period, representing the Ministry of the Economy and Finance, he has been member of the Coordination Group for the implementation of the discipline of special powers on corporate structures operating at the Presidency of the Council of Ministers. Previously, he held management positions, including general management positions, at the Presidency of the Council of Ministers and was member of the Advisory Board for the regulation of public services, as well as of the Technical Secretariat of the National Director's Cabin for Economic Planning operating at the same Presidency, in support of the activities of the Interministerial Committee for Economic Planning. He teaches at the 2nd level Interuniversity Master's in Administrative Law (since 2003) now at the University of "Roma Tre" and at the Master's in Economics and Development Policies at LUISS Guido Carli University (since 2016). Previously, he has been Adjunct Professor of Administrative Discipline for Business at the University of Tuscia (2001-2002) and of Media Law at the same University (2005 - 2010), as well as of Public Finance Law at the University of Suor Orsola Benincasa (2014-2016). He has also lectured at the School of Public Administration and the School of Economics and Finance. He published several essays and articles in leading legal journals on national and European administrative law and public economic law.

He is member of the Board of Directors of Treccani, Open Fiber and Open Fiber Holdings and a member of for the Special Funds Management Committee of the Institute of Sports Credit. He has been member of the Board of Directors of Enav S.p.A. in the three-year period 2014-2017 (during which the company has been listed) and member of the Board of Directors of the University of Fine Arts ("Accademia delle Belle Arti") of Florence (2013-2016).

2.3 Snam's diversity policy



This section describes the policy adopted by Snam on diversity⁴¹ in the composition of the Company's administrative, management and control bodies with regard to age, gender, training and career, as recently updated by resolution of the Board of Directors of 16 March 2022, on the recommendation of the ESG Committee.

The renewal of the corporate bodies on 2 April 2019 has been, for Snam, the last renewal in which the statutory provisions on gender balance adopted by the Company pursuant to the provisions of Law No. 120 of 2011 (which required compliance with the criterion of gender balance provided for therein for three terms of office following the entry into force of the law) have been applied.

The 2018 Corporate Governance Code, in anticipation of the termination of the effects of Law No. 120 of 12 July 2011, recommended to issuers that at least one third of the members of the Board of Directors and of the Board of Statutory Auditors shall be made up of the least represented gender, inviting them to choose and apply the most appropriate instrument to pursue this objective, in view of each issuer's ownership structure and degree of bonding deemed most appropriate to achieve the objective. The one-third quota was also confirmed in the new Corporate Governance Code of January 2020.

Paragraph 1-ter of Article 147-ter and paragraph 1-bis of Article 148 of TUF, governing gender balance in the boards of directors and statutory auditors of listed companies, as amended by 2020 Budget Law provide that the quota reserved for the less-represented gender within the administrative and control bodies must be at least two-fifths, rounding up to the nearest unit⁴².

Pursuant to the new regulatory provisions, the new "two-fifths" distribution criterion shall apply for six consecutive terms starting from the first renewal of the corporate bodies following the date on which the 2020 Budget Law came into force (on 1st January 2020).

41 The description of the diversity policy is provided for in Article 123-bis, paragraph 2, letter d-bis of TUF.

42 With the exception of corporate bodies with three members; please refer to paragraph 3 of Article 144-undecies.1 ("Gender balance"), of the Issuers' Regulation.

On 2 February 2021, the Snam Shareholders' Meeting approved to amend Article 13 of the Articles of Association in order to align the allocation criterion provided therein with the new regulatory framework introduced by the 2020 Budget Law. The approved amendment therefore establishes that at least two-fifths of the members of the Board of Directors, or the different quota - if greater - envisaged by the provisions in force at the time, must belong to the least represented gender (Article 13.3 of the Articles of Association). The same criterion also applies to the drawing up of lists of candidates for the office of director of the Company (Article 13.8 of the Articles of Association).

The new provision of the Articles of Association provides for a "mobile" reference to the legislation in force at the time, which will be applied only if the quota reserved for the least represented gender provided for therein is more rigorous than the threshold currently provided for by the applicable legislation (and incorporated in the Articles of Association).

Lastly, the Shareholders' Meeting approved the introduction of a transitional clause (Article 24 of the Articles of Association), in order to provide that the above-described amendments to Articles 13.3 and 13.8 of the Articles of Association shall apply from the first renewal of the Board of Directors following the expiry of the term of office of the Board of Directors currently in office (appointed on 2 April 2019) and that, until that time and also in the event of any co-option of new directors, the "one-third" allocation criterion shall apply.

With regard to the Board of Statutory Auditors, Article 20.3 of the Articles of Association provides that "one standing auditor and one alternate auditor must belong to the least represented gender". Given that with regard to the composition of the Board of Statutory Auditors, as a corporate body made up of three members, the provisions of Article 144-undecies, paragraph 3, of the Issuers' Regulation shall apply – according to which the rounding up criterion is not applicable in case of corporate bodies consisting of three members – the current provision of Article 20.3 of the Articles of Association is already fully compliant with the new criterion for the

distribution of “two-fifths” (rounded down) in the composition of the Board of Statutory Auditors.

The Company believes that diversity makes a positive contribution to the effective action of the corporate bodies. In the composition of its administrative, management and control bodies, Snam aims to include a range of profiles, recognising that the proper functioning of its corporate bodies requires complementarity of experience and expertise, combined with diversity in terms of the genders and age groups of its members. Among the accepted values, Snam considers positively the diversity of nationality and ethnic origin. Snam takes all necessary measures to ensure diversity from these perspectives.

Pursuing this objective, Snam has also implemented a corporate policy on diversity and inclusion, promoted by the ESG Committee and aimed at disseminating a culture of equal opportunities between employees and contractors.

The aim of the policy is to establish a workplace that is free of direct and indirect discrimination, and to implement specific policies and metrics within human resources to ensure fairness at all stages of employment, training and work-life balance. For Snam, protecting diversity is a driver of cultural transformation that aims to make the company more competitive, innovative and geared toward personal growth.

Below is a brief description of the main methods implemented by Snam with regard to diversity and the results obtained over the years.

a. Gender diversity

Snam’s main objectives for the three-year period 2019-2021 include finalising methods for developing diversity, particularly gender diversity⁴³.

The Articles of Association expressly provide compliance with the gender balance in the process of appointment of the Board of Directors and the Board of Statutory Auditors.

In light of the data set out below, it is believed

⁴³ The data are set out in the 2021 Sustainability Report, which is available on Snam’s website.

that, in the composition of its corporate bodies, Snam ensures adequate gender diversity, in fact:

- two of the four Committees are chaired by women;
- three of the nine members of the Board of Directors are women (i.e. one-third of the total)⁴⁴;
- the Board of Statutory Auditors consists of three standing auditors (one of whom is female) and two female alternate auditors.

Snam’s commitment to gender diversity is also evident in its workforce. Specifically:

- by pursuing the policy adopted in 2019, Snam aims to achieve a better balance between men and women at the company level, through a recruitment policy - particularly for executive and management roles - that is more focused on gender diversity (2021 recruitment percentages: 23.5% women, 76.5% men); however, the percentage of women in the company – thanks to actions supporting retirement benefits - rose from 15.6% in 2020 to 16.6% in 2021;
- Snam’s path to countering the gender pay gap led to a slight improvement in the pay differentiation percentage compared to the 2020 financial year. Specifically, the women/men differential pay at the executive level is equal to zero, for managers it is equal to -5%, and for office workers is equal to -7%. Our commitment has continued through careful monitoring and reporting of pay at all organisational levels, improvements to the application of the principle of equal pay, and the enhancement of the abilities, responsibilities and results achieved by all women at the company.

Furthermore, among the ESG objectives for the management’s 2020-2022 Long-Term Incentives Plan, Snam has foreseen as KPI the increase in the number of women in managerial roles (executives and middle managers) with a presence of women at least of 21%, with a target of 23% and, as a maximum target, of 25%, starting from the percentage of the financial statements as of 31 December 2019, which was equal to 18%.

⁴⁴ The new criteria provided for in Article 13.3. and 13.8 of the Articles of Association apply from the first renewal of the Board of Directors following the expiry of the term of office of the Board of Directors currently in office (appointed on 2 April 2019).

b. Training and career progression

The Company carefully analyses the expertise of the members of the administrative and control bodies and undertakes to constantly enhance the various skills within the various bodies in order to ensure a high level of expertise in the administration, management and control bodies in sectors relevant to Snam. The Company monitors the diversity and complementarity of the professional profiles within the Board.

The members of the Board of Directors and the Board of Statutory Auditors have a range of backgrounds, as they have pursued diverse educational trajectories and come from different professional backgrounds. These skills ensure that the corporate bodies function effectively and enable them to adapt immediately to any changes. Snam ensures, through periodic checks, that the members of the Board of Statutory Auditors and the Board of Directors meet the requirements of professionalism, integrity and independence laid down in the applicable legislation and the Corporate Governance Code.

Over the years, the Company has adopted tools and initiatives aimed at ensuring diversity, particularly through the guidelines produced by the Board of Directors for shareholders on the future size and composition of the Board of Directors⁴⁵ in view of the Shareholders' Meeting of 2 April 2019 and the resolutions of the Board of Directors on co-optation. The guidelines produced in view of the Shareholders' Meeting of 2 April 2019 took into account the required diversity within Snam's Board of Directors, not only in terms of gender, age and length of time in office, but also complementarity of professional and managerial experience, appropriate knowledge, including of language and culture of an international or foreign nature, and the characteristics and importance of positions previously held, including in institutional settings.

In view of its renewal at the Shareholders' Meeting of 27 April 2022, the Company's Board of Directors on 17 February 2022 expressed – by publication on the Company's website well

45 For more information on the content of the guidelines produced by the Board of Directors, see Annex 4 of this Report.

in advance of the publication of the notice of call – the guidelines on its appropriate quantitative and qualitative composition, taking into account the outcome of the board evaluation and the diversity criteria and requiring anyone submitting a slate with a number of candidates that is higher than half the number of members to be elected to provide adequate information on the compliance of the slate with the board guidelines mentioned above, also with regard to diversity criteria.

One method used by Snam to increase the capabilities and skills of members of the administrative and control bodies are the Board inductions, that include activities very intense and rich in topics⁴⁶, through which the members of the Board of Directors and the members of the Board of Statutory Auditors acquire specific sector-related skills.

The Board evaluations and Board inductions are taken into account when formulating these guidelines.

c. Age

Snam's Articles of Association do not set specific age limits for members of corporate bodies. The statutory limits are not deemed necessary, since an adequate diversity already exists in any case, as demonstrated by the following information:

- the age of Snam's Directors ranges from 44 to 69, with an average age of 54;
- the age of Snam's Statutory Auditors ranges from 47 to 70, with an average age of 61.

d. Methods adopted for the implementation of diversity policies

With regard to the methods used to implement diversity policies, the main references are the Board evaluations, carried out with the contribution of an external advisor, as described in greater detail in Paragraph 2.13 of this Section. Snam has undertaken - most recently on 16 March 2022 – an evaluation of the performance of the Board of Directors and its Committees, as well as their size and composition, taking into account the professional skills, experience (including managerial experience) and gender of its members and their length of service as directors.

46 For more details, see Paragraph 5, Section III of this Report.

The ESG Committee addresses issues related to gender diversity and inclusion, monitoring the related activities of the Company and expressing recommendations and proposals.

One of the initiatives to promote attention to diversity policies in corporate governance is Snam's adherence to "Valore D", which is an association of companies that promotes female diversity, talent and leadership, in order to stimulate the growth of companies and the country, through seminars, workshops and mentoring. The Company has also signed the "Manifesto for Female Employment", which identifies corporate tools for promoting female talent in concrete terms.

With regard to the Board of Statutory Auditors, Snam does not consider it necessary to adopt specific diversity policies for the control body, taking into account the provisions of the Articles of Association on diversity, the professional requirements set forth by the Articles of Association and by the applicable law, and the fact that the members of the Board of Statutory Auditors meet the independence requirements set forth by the Corporate Governance Code, as well as the participation of the Statutory Auditors to Board Induction sessions. The current composition of the Board of Statutory Auditors is considered to be adequately structured in terms of age, gender and training and professional experience, as also shown by the evaluation of the Board of Statutory Auditors.

Finally, Snam also takes the diversity policy into account when exercising its direction and coordination activities, ensuring consistency among the Subsidiaries with the policy described above.

2.4 Maximum accumulation of offices held at other companies

At its meeting of 17 February 2022, the Board of Directors, on the proposal of the Appointments Committee, has partially amended its position on the accumulation of offices held by directors (previously adopted at the meeting of 06 May 2020 and confirmed on 17 March 2021), according to which:

- (i) an Executive Director should not hold:
 - a) an executive director office at another Italian or foreign listed company, or at a company with net assets or consolidated annual turnover of more than €500 million or an equivalent amount if the company uses a different currency;
 - b) the office of non-executive director or statutory auditor (or member of another control body) in more than three of the companies listed under point (a). Furthermore, in the case of the CEO, they may not accept the office of director of another issuer not belonging to the same group, whose CEO is another director of the Company;
- (ii) a Non-Executive Director (including independent directors) must not, in addition to the position held at the Company, hold:
 - a) an executive director office at more than one Italian or foreign listed companies, or companies with net assets or consolidated annual turnover of more than €500 million or an equivalent amount if the company uses a different currency, or the office of non-executive director or statutory auditor (or member of another control body) at more than three of the above companies; or
 - b) the office of non-executive director or statutory auditor (or member of another control body) in more than four of the companies listed under point a).

For the purposes of calculating the maximum number of offices, positions held within Snam and its Subsidiaries and on Snam's Committees are not relevant.

The Board of Directors, in its assessments of each subjective position, to be made in the interest of the Company, may take into account the specific circumstances and professional commitments (not limited to the holding of office) of the individual directors, to allow for any exemptions from the limits of offices, and to establish a possible reduction of the maximum number of offices that can be held. If appropriate, the Board of Directors will invite the director to take the consequent decisions.

Based on the declarations made by the directors and updated as at 31 December 2021, the following table lists the other important positions held by the Directors of the Company

pursuant to the Corporate Governance Code and the relevant recommendations issued by the Board of Directors.

Director	Other important positions held
Marco Alverà	Independent director of S&P Global Non-Executive Director Industrie De Nora
Laura Cavatorta	Independent director of Infrastrutture Wireless Italiane S.p.A.
Francesco Gori	Non-executive director on the supervisory and management boards of Apollo Tyres Ltd Independent director of PRYSMIAN S.p.A.
Yunpeng He	Non-executive director of Terna S.p.A., Italgas S.p.A. and IPTO S.A. ⁴⁷
Antonio Marano	Non-Executive Director of Sasol Italy S.p.A.
Rita Rolli	Independent director of TREVI Finanziaria Industriale S.p.A. (Chair of the Control, Risk and Sustainability Committee, Member of the Related-Party Transactions Committee) Standing Statutory Auditor of Sogefi S.p.
Alessandro Tonetti	Non-executive director of Open Fiber S.p.A.

The Board of Directors, at the meetings of 17 March 2021 and 17 February 2022 verified that:

- (i) with the exception of the CEO, all the directors hold a non-executive role;
- (ii) the number of significant offices pursuant to the Corporate Governance Code and the position taken by the Board of Directors regarding the maximum number of offices held by the same director is compatible with the effective performance of the role of director of Snam.

2.5 Functioning of the Board of Directors

The Company's Board of Directors meets regularly and is organised and operates to ensure the efficient and effective performance of its duties.

The Board of Directors has approved its Regulation to govern procedures for convening the Board, performing the Board's work and drafting the minutes of meeting⁴⁸.

As provided in the Regulation, notices of meetings of the Board of Directors are usually sent at least five days before the meeting. A com-

plete, comprehensive set of documentation on agenda items is made available to directors and standing auditors by the Board Secretary at least five days prior to the date of the meeting, except in exceptional cases. This deadline has generally been met; as shown by the results of the board evaluation (see Paragraph 2.13 of this Section of the Report, to which reference is made), if material was sent close to meetings, this was due to the extraordinary nature of certain situations and/or the short time between meetings. In any case, even when it was not possible to respect the notice period, the Chair of the Board of Directors ensured that the additional information provided during the meetings was adequate to enable the Directors to act in an informed manner in the performance of their role.

For more information on the procedures for convening and holding Board meetings, please refer to Annex 3 to this Report.

The Company's governance provides that Board members shall act and pass resolutions independently and with full knowledge of the facts on matters within their competence, with the aim of creating shareholder value.

The Chair of the Board, with the assistance of the Secretary, ensures, in agreement with the CEO, that the Company's and the Group's executives, responsible for the corporate functions competent according to the subject, or other external parties, attend

⁴⁷ It should be noted that Yunpeng He resigned from his position at Terna S.p.A. and Italgas S.p.A. on January 11, 2022, with effect from his replacement.

⁴⁸ On 29 November 2021, the Board of Directors lastly approved its own regulation for its operation and organization.

Board meetings, also at the request of individual Board members, to provide the appropriate in-depth examination of the items on the agenda⁴⁹. In particular, the following persons participated in Board meetings during 2021, when dealing with the issues under their respective responsibility, as reported below in the summary of 2021 activities: the Chief Financial Officer & Chief International & Business Development Officer, the Manager responsible for preparing the Company's financial reports, the General Counsel, the EVP Institutional Affairs, ESG, Communication & Marketing, the EVP Human Resources, Organisation & PFM, the SVP Internal Audit and some heads of their departments in relation to issues falling within their competence, the EVP Commercial, Asset Planning & Regulatory Affairs.

Pursuant to the Guidelines on "*Transactions in which directors and statutory auditors have an interest and related-party transactions*", the directors must declare any interest of their own or of third parties in specific transactions submitted for examination and approval by the Board of Directors.

Except in cases where the minutes are required by law to be drafted by a notary public, the minutes of meetings are taken by the Secretary of the Board, who may be assisted for this purpose by personnel from the Legal Department with specific expertise in corporate law. The minutes are drafted in analytical form, reporting the speeches made during the Board discussion, summarized by the Secretary of the Board and include, in the text attached or in the Company's records, the documentation made available to the Board of Directors. The draft minutes prepared by the Secretary are previously submitted to the Chair and the Chief Executive Officer who may provide any comments and observations. The draft minutes, as possibly supplemented, is then submitted to all members of the Board of Directors and the Board of Statutory Auditors, who may provide comments and observations to the Secretary. For this purpose, the Company makes a courtesy translation of the draft minutes in English available to non-Italian speaking Board members. The Board approves the final text of the minutes normally at the first subsequent Board meeting. If the

re is a specific need, the Board may also approve with immediate effect the minutes or individual items on the agenda of the Board meeting.

Directors are bound by the confidentiality obligations applicable to them by reason of their office.

The other participants in the meetings are required to observe the utmost confidentiality with regard to documents, news, information and data of which they have become aware in the performance of functions relating to the activities of the Board of Directors.

2.6 Meetings of the Board of Directors

During 2021:

- the Board of Directors met 13 times;
- the meetings were attended on average by 98% of directors;
- the attendance of independent directors was approximately 97% on average;
- the average duration of Board meetings was 193 minutes.

10 meetings are scheduled for 2022. As of the date of this Report, 3 meetings of the Board of Directors had been held in the current year.

In order to further comply with best practices, the Board of Directors has deemed that the average level of attendance at Board meetings by members of the Board of Directors should not be less than 80% of the number of meetings held during the financial year, unless there are serious and justified impediments.

Percentage Participation in Meetings 2021

Marco Alverà	100%
Laura Cavatorta	100%
Francesco Gori	100%
Yunpeng He	100%
Antonio Marano	100%
Rita Rolli	85%
Alessandro Tonetti	100%
Francesca Pace	100%
Nicola Bedin	100%

⁴⁹ In this respect, reference is made to Recommendation No.12 of the Corporate Governance Code.

Digitalisation of the work of the Board of Directors

The COVID-19 health emergency period has made the digitization of the activities of the corporate bodies necessary. In order to facilitate the activities of the Board of Directors, Snam has introduced, for some years now, an IT tool to facilitate the work of the Board of Directors, enabling the activities of the Board and Committees to be managed effectively and securely via tablet, smartphone and PC. These tools have also made it easier to organise and run remote meetings. Through this system, documents prepared for meetings of the Board of Directors or the Committees can be accessed digitally, eliminating paper use and optimising time and costs. The digital portal:

- expedites Board meetings by, inter alia, enabling real-time sharing of documents or presentations;
- allows users to view the status of a document or if there are unread messages or documents that need to be approved;
- also displays documents in offline mode; and
- enables the files made available to be edited.

The main activities of the Company's Board of Directors in 2021 are summarized below.

MONTH	STRATEGY AND FINANCE ⁵⁰	GOVERNANCE and REMUNERATION	INTERNAL CONTROL AND RISK MANAGEMENT
January 2021		<ul style="list-style-type: none"> – Adoption of the new Corporate Governance Code; – Approval of the start of activities to implement the actions to be submitted to the Board of Directors in order to finalize by the end of the 2021 financial year the adoption of the Corporate Governance Code, informing the market in the Report on Corporate Governance and Ownership Structure to be published in 2022. 	
February 2021	Preparatory activities for the approval of the Annual Financial Report 2020	Reports from the Committees on their activities in the second half of 2020	
March 2021	<ul style="list-style-type: none"> – Approval of the draft financial statements as at 31 December 2020, the consolidated financial statements and the Board of Directors' Report on Operations and the amount of the dividend for the year 2020 – Sustainability Report 2020 – Approval of the Non-Financial Declaration pursuant to Legislative Decree no. 254 of 2016 – Approval of the document Financial Disclosure on Climate Change 2020 	<ul style="list-style-type: none"> – Report on remuneration policy 2021 and compensations paid – Positive assessment of the size, composition and functioning of the Board and its Committee⁵¹ 	<ul style="list-style-type: none"> – Evaluation of the Company's organisational, administrative and accounting structure prepared by the Chief Executive Officer with the help of his structures and submitted, in addition to the Board of Directors for approval, to the Board of Statutory Auditors and the Control and Risk and Related Party Transactions Committee. In this regard, the Board of Directors expressed an adequate opinion – Assessment of the organisational, administrative and accounting structure of the Subsidiaries, after approval by the Board of Directors of each Subsidiary and consultation with the respective Boards of Statutory Auditors. In this regard, the Board of Directors expressed an adequate opinion⁵² – Positive evaluation of the adequacy and effectiveness of the internal control and risk management system – Examination of the Audit Schedule and Budget of the Internal Audit function for the year 2021

50 Furthermore, the progress of development initiatives and new projects were regularly submitted to the Board of Directors.

51 For further information, please refer to paragraph 2.13 of this Section.

52 The Board of Directors has not defined criteria for the identification of subsidiaries with strategic importance, as it evaluates the organisational, administrative and accounting structure of all the Subsidiaries.

MONTH	STRATEGY AND FINANCE	GOVERNANCE and REMUNERATION	INTERNAL CONTROL AND RISK MANAGEMENT
May 2021	<ul style="list-style-type: none"> – Approval of the Interim Management Report as at 31 March 2021 and 1st Forecast 2021 	<ul style="list-style-type: none"> – Programme of Board Induction activities for the third year of the mandate 	<ul style="list-style-type: none"> – Approval of the update of the 231 Model
June 2021		<ul style="list-style-type: none"> – Update of the Guideline “Transactions with interests of directors and auditors and transactions with related parties”. 	
July 2021	<ul style="list-style-type: none"> – Approval of the Half Year Report to 30 June 2021 	<ul style="list-style-type: none"> – Half Year sustainability review – Committee reports on their activities in the first half of 2021 – Approval of the Shareholders’ engagement policy 	<ul style="list-style-type: none"> – Report on the adequacy of the Group’s corporate disclosure control system and compliance with administrative and accounting procedures for the first half of 2021 – Report of the Supervisory Board 231 on its activities during the first half of 2021
October 2021	<ul style="list-style-type: none"> – Renewal of EMTN Programme and Bond Issues EMTN Porogram 	<ul style="list-style-type: none"> – Beginning of Board Evaluation activities 3rd year of mandate 	
November 2021	<ul style="list-style-type: none"> – Examination of the Interim Report as at 30 September 2021 – Examination of the 2nd Forecast 2021 – Approval of the 2021-2025 Strategic Plan – Proposal to distribute the interim dividend for the 2021 financial year – Approval of the 2022 Budget 	<ul style="list-style-type: none"> – Examination of proposed amendments to the Rules of Operation and Organisation of the Board of Directors. 	
December 2021		<ul style="list-style-type: none"> – Approval of qualitative and quantitative criteria for assessing the materiality of the relationships and remuneration referred to in letters c) and d) of Rec. no. 7 of the Corporate Governance Code – Proposal of the 2022 Corporate Calendar 	<ul style="list-style-type: none"> – Annual review and analysis of the risks of the Company and its Subsidiaries – Approval of the update of the Special Part of 231 Model

2.7 Chair of the Board of Directors

The Shareholders' Meeting of 18 June 2020 appointed Nicola Bedin as Chair of the Board of Directors to replace Luca Dal Fabbro who had resigned with effect from the date of the said Shareholders' Meeting.

The Chair, who does not have an executive role, performs the duties assigned to him by law, the Articles of Association and by resolution of the Board of Directors, as indicated in Annex 5 to this Report, playing a connection role between executive and non-executive directors and ensuring the effective functioning of board proceedings. The Chair is responsible for representing the Company, by agreement and in coordination with the Chief Executive Officer.

The Chair is not the person principally responsible for managing the Company (Chief Executive Officer) nor the controlling shareholder⁵³.

2.8 Secretary of the Board of Directors

In accordance with the provisions of Article 14 of the Articles of Association and the Regulation on the functioning and organization of the Board of Directors, the Secretary is appointed by the Board of Directors, on the proposal of the Chair, and is normally chosen among Company employees with specific skills on corporate governance of listed companies. If the Secretary is absent or unable to attend a meeting, the Board of Directors, in any case on the proposal of the Chair, may appoint a different secretary for that meeting, who may also be chosen among the members of the Board of Directors.

The Secretary of the Board supports the work of the Chair and provides impartial

assistance and advice to the Board of Directors on each matter relevant to the proper functioning of the corporate governance system.

During the meeting of 11 October 2021, the Board of Directors appointed Umberto Baldi, General Counsel of Snam, as Secretary of the Board of Directors.

2.9 Chief Executive Officer

At the meeting of 2 April 2019, the Board of Directors appointed Marco Alverà (formerly CEO of Snam from 27 April 2016) as CEO, also confirming his appointment as General Manager on 15 January 2016. The Board of Directors assigned to the *Chief Executive Officer* the duties of *Chief Executive Officer* and conferred upon him all of the duties and powers not reserved to the Board of Directors or the Chair, which are respectively set forth in the above Paragraphs 2.1, 2.7 and in Annex 5 to the present Section.

The CEO performs the role of Director in charge of the internal control and risk management system (the "**Director in charge**")⁵⁴.

In accordance with the provisions of Article 16.3 of the Articles of Association, on the occasion of meetings and at least quarterly, the Board of Directors and the Board of Statutory Auditors are informed, also by the Chair or the Chief Executive Officer, and also with regard to the subsidiaries, on the general performance, on its predictable evolution, on the most important economic, financial and asset transactions, with particular regard to transactions in which the directors have a personal interest or an interest on behalf of third parties or which are influenced by any person exercising management and coordination activities.

2.10 Other executive directors

With the exception of the Chief Executive Officer, all the members of the current Board of Directors are non-executive, as (i) they do not

⁵³ Article 147-*quinquies* of the Consolidated Financial Act provides that "persons who perform an administrative or managerial role must satisfy the integrity requirements established for members of internal control bodies in the regulation issued by the Minister of Justice pursuant to Article 148, paragraph 4" of the Consolidated Financial Act. These requirements were established by Article 2 of the Decree of the Minister of Justice No. 162 of 2000 ("*Regulation containing rules for the establishment of the requirements of professionalism and reputation of the members of the board of statutory auditors of listed companies to be issued pursuant to Article 148 of the TUF*").

⁵⁴ For more information on the Appointed Director, see Section IV, Paragraph 1.2 (ii).

hold the office of chief executive officer or executive chair in the strategic Subsidiaries; and (ii) they do not hold executive positions in the Company or in the strategic Subsidiaries.

2.11 Independent directors

The Board of Directors includes a number of independent directors sufficient to ensure, in terms of number and authority, that their opinion carries substantial weight when Board decisions are taken. Indeed, of the total number of nine directors, six directors qualify as independent⁵⁵, whereas the Corporate Governance Code provides that, in large companies with non-concentrated ownership, independent directors must represent at least half of the board⁵⁶. The presence of independent directors on both the Board of Directors and its Committees ensures that the interests of all shareholders are adequately protected.

The Board of Directors of the Company, after the opinion of the Appointments Committee, has predefined, most recently on 14 December 2021, the quantitative and qualitative criteria for assessing the significance of the circumstances relevant pursuant to Recommendation no. 7, first paragraph, of the Corporate Governance Code for the purpose of assessing the independence of directors and auditors⁵⁷.

In particular, commercial, financial or professional relations with Snam or its subsidiaries, or with the relevant executive directors or top management, as well as with a person who, also together with others through a shareholders' agreement, controls Snam or with the relevant executive directors or top management, are considered significant if, in at least one of the three financial years prior to taking office, individually or cumulatively, for each financial year, are greater than 100% of the average remuneration received, respectively, by non-executive direc-

tors and statutory auditors for the office and for any participation in board committees, as calculated by the department of Corporate Affairs, or by the Chair during the last year of the previous term of office (the "**Benchmark**").

According to these criteria, the Benchmark is currently 110,000 euro for the Directors and 310,000 euro for the Chair of the Board of Directors.

It should be understood that, for the purposes of the aforementioned assessment of the significance of commercial, financial or professional relationships, in the case of a director or auditor who is also a partner in a professional firm or consulting company, the competent body shall assess the significance of the professional relationships entertained in the three financial years preceding taking office in relation to the position and role held within the firm or consulting company, also independently from the Benchmark.

After their acceptance of office – and therefore during their term of office – in order to qualify as independent pursuant to the Recommendation no. 7, first sentence, letter c), of the Corporate Governance Code, directors and auditors must not have any commercial, financial or professional relationship with Snam or its subsidiaries, or with the relevant executive directors or top management, or with a person who, also together with others through a shareholders' agreement, controls Snam or with the relevant executive directors or top management. Viceversa, with reference to any commercial, financial or professional relationships entertained by close family members of directors or auditors, the Benchmark shall apply both with respect to commercial, financial or professional relationships entertained by them during one of the three financial years preceding that in which they took office and during their term of office.

In relation to the criterion for assessing the significance of additional remuneration pursuant to Recommendation no. 7, first sentence, letter d), of the Corporate Governance Code, the additional remuneration deriving from employment, administration or control relationships received by a director or statutory auditor, during one of the three financial years preceding the year of taking office,

55 In particular, these directors are all independent pursuant to the TUF and the Corporate Governance Code (Nicola Bedin, Laura Cavatorta, Francesco Gori, Antonio Marano, Francesca Pace and Rita Rolli).

56 Reference is made to Recommendation No. 5 of the Corporate Governance Code.

57 Reference is made to Recommendation No. 7 of the Corporate Governance Code.

from Snam or its parent company or a company in the Snam Group is considered significant if, individually or cumulatively, for each financial year, it exceeds the Benchmark.

In order to qualify as independent pursuant to Recommendation no. 7, first sentence, letter d), of the Corporate Governance Code, directors and statutory auditors, during their term of office, must not receive any additional remuneration from Snam or its parent company or a company in the Snam Group.

Viceversa, with reference to the close family members of directors or auditors, the Benchmark shall be applied both with respect to remuneration received during one of the three financial years preceding the year of taking office and during the term of office.

The Board of Directors assesses the independence requirements of each non-executive director immediately after their appointment, specifying the assessment criteria concretely applied and disclosing the outcome of its evaluations through of a press release disclosed to the market, indicating the criteria used to assess the significance of the relationships.

The Board of Directors assesses the independence of each director also during the term of office when circumstances relevant to independence occur and in any case at least once a year. Directors shall provide all the elements necessary or useful for the assessment by the Board of Directors, which considers, on the basis of all the information available, any circumstance that affects or may appear to affect independence.

Lastly on 17 February 2022, the Board of Directors verified that the non-executive directors Laura Cavatorta, Francesco Gori, Antonio Marano, Francesca Pace and Rita Rolli, as well as the Chair of the Board of Directors Nicola Bedin, meet the independence requirements established by the Consolidated Financial Act and the Corporate Governance Code.

In this regard, the Chair, in view of the appointment approved by the Shareholders' Meeting on 18 June 2021, had certified that he did not meet the independence requirements established for statutory auditors in Article 148, paragraph 3 of Consolidated Financial Act and in the Criterion no. 3.C.1 of the previous Corporate Governance Code: *"because a company of which he is director and indirectly shareholder has a consultancy contract with Snam"*.

Subsequently, due to the termination of this contract, the Chair had certified and the Board of Directors had verified on 29 July 2020 that he met the independence requirements pursuant to Article 148, paragraph 3 of Consolidated Financial Act, confirming however that he did not meet the independence requirements set forth in Criterion no. 3.C.1 of the previous Corporate Governance Code because (i) a company of which he is director and indirectly shareholder has had a consulting contract with Snam, and (ii) he is Chair of the Company, i.e. a "relevant representative" of Snam pursuant to the previous version of the Corporate Governance Code.

In accordance to the quantitative and qualitative criteria established by the Board of Directors to assess the significance of any commercial, financial or professional relationships and any additional remuneration referred to in Recommendation no. 7, letters c) and d) entertained or received by directors, the consulting contract that a company whose Chair is a director and indirectly a shareholder have had with Snam is to be considered as a non-significant relationship.

Moreover, the Corporate Governance Code – unlike its previous edition, which included among the circumstances that would compromise the independence of a person also the fact of being, or having been in the previous three financial years, a significant representative of the company (3.C.1. b), meaning also the Chair of the company – no longer mentions among the circumstances that compromise, or appear to compromise, the independence of a director the fact of being or having been Chair of the Company.

On 2 April 2021, the Board of Statutory Auditors ascertained the correct application of the criteria and procedures adopted by the Board of Directors for the identification of independence requirements. The verification by the Board of Statutory Auditors relating to the 2022 financial year will be carried out in March.

During the 2021 financial year, three meetings of only independent directors were held, coordinated by the director Mr. Francesco Gori, in which the possible adoption of a policy relating to the duties assumed by managers was discussed, as well as the results of some spot audit carried out.

The Independent Directors informed the

Board of Directors of these meetings at the next meeting of the Board.

2.12 Lead independent director

Snam has not appointed a lead independent director as the conditions set forth in the Corporate Governance Code are not met⁵⁸. The Chair of the Board of Directors is not the chief executive officer or the holder of significant management powers and is not the person who controls, even jointly, the Company. Furthermore, the appointment of a lead independent director was not requested by the independent directors.

2.13 Board Evaluation

In line with the provisions of the Corporate Governance Code, Snam's Board of Directors has implemented self-assessment of the Board of Directors itself and its Committees for the 2021 financial year, to which the 9 current Directors participated.

The purpose of the work was to carry out a structured review of the effectiveness of the Board of Snam from an operational point of view and to identify opportunities for further improvement in order to better perform the role of policy and control of a complex and evolving entity.

Following the awarding procedure by tender and the relevant investigation by the ESG Committee, the Board of Directors has decided to take advantage of an external advisor, Spencer Stuart Italia S.r.l., a company that has wide and long-standing experience in the corporate governance sector and that supported the Board of Directors of Snam throughout its term of office. The self-assessment of Board of Directors and Committees of Snam for the 2021 financial year, was carried out by two senior partners of Spencer Stuart, experts in board effectiveness activities.

58 Recommendation 13 states that: "The board of directors appoints an independent director as lead independent director: a) if the chair of the board of directors is the chief executive officer or holds significant managerial powers; b) if the office of chair is held by the person who controls, also jointly, the company; c) in large companies, even in the absence of the conditions indicated in letter a) and b), if requested by the majority of independent directors".

The Board Review focused on the size, composition and real functioning of the Board and its Committees, taking into account the role played by the Board in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

Again this year, the Directors have made themselves available to contribute to this process in order to identify possible areas of improvement for the optimization of Board dynamics.

In the interviews it was possible to analyze what was reported in the questionnaires, to increase the debate and to receive directly comments and suggestions. Starting from the actions taken following the self-assessment process carried out in the previous year, for this year the focus was on:

- end-of-term financial statements, with evidence of the actions actually implemented and identification of possible areas of improvement for further optimization of Board dynamics;
- size and composition of the Board, in order to collect the input and comments of the Directors in office, useful for drafting the guidelines on the professional figures whose presence on the Board is considered appropriate, to be presented to the Shareholders for the election of the new Board.

Regarding the issue of composition, the advisor also prepared a specific analysis document with benchmarks regarding a panel of companies belonging to the FTSEMib index, to support the process of defining the Guidelines to the Shareholders on the future dimension and composition of the Board of Directors.

Looking at the results, also this year of term of office was very intense and the Board of Directors was called upon to carry out an extraordinary activity because of the continuing health emergency situation caused by the pandemic, due to its various upsurges and waves, and in relation to business issues, especially those connected with the energetic transition.

Overall, the Directors expressed their satisfaction and appreciation in relation to the size, composition and functioning of the Board of Directors and its Committees.

In particular, the Board operated with continuity with the aim of strengthening the leadership position of the company in the way towards the energetic transition and, at the same time, of consolidating the governance structure that, during the term of office, saw the Board engaged - among other things - in significant amendments to Snam's Articles of Association such as the inclusion of the purpose "*Energy to inspire the world*", the pursuit of sustainable success purposes, the representation of the less represented gender.

The Directors have shown commitment and constant attendance, albeit mostly from a distance, considering the high number of meetings held during the year.

The Directors underline that the work of the Committees is positive and constitutes the basis for discussion at the Board. Satisfaction is expressed with regard to the practice of holding joint meetings, as a moment of analysis and investigation of the various aspects of the issues. Overall, the members of the Committees feel that they have played their role well and operated autonomously and authoritatively, effectively supporting the Board with their investigations on issues within their competence.

The Board's debate benefits from the absolute spirit of independence - not only formal - of the Directors. The Board's attitude is constructive and has seen an important improvement during the year under review, also thanks to the more intense mutual connections and the organization of the offsite in Trieste and at the Malborghetto plant.

The productive attitude of the Directors allowed for a progress of the works characterized by a heated board debate.

The self-assessment has confirmed the accessibility of documentation through a dedicated portal that makes available presentations, press reviews and all information material relating to Board and Committee meetings. The Board invested on the issue of timing of sending documentation during the term of office; where material was sent close to meetings, it was due to the extraordinary nature of some situations and/or the short time between meetings.

During the activities carried out at the end of the triennium, some of areas of improvement were identified for the continuation of the term of office, which may also be taken into consideration in view of the next term of office:

- to provide, as soon as possible and in absolute compliance with the rules, for the organization of board meetings in person favouring also informal meetings, induction and updating sessions on key issues through visits to the plants and off-site days;
- to provide for a broad sharing of strategic issues within the Board of Directors, illustrating the prior analysis and detailed study carried out by management and the Committees and valorizing the contributions made by all Directors;
- to keep the Board constantly updated on the progressive implementation steps of the various project streams linked to the energetic transition of both the core business and the new businesses (biomethane, hydrogen, energetic efficiency, sustainable mobility), also through dedicated ad-hoc meetings, such as a "strategy day" or a strategic summit;

The self-assessment on the size, composition and functioning of the Board and Committees was successfully completed at the Board meeting on March 16, 2022.

2.14 Succession plans

The purpose of succession plans is to: *(i)* favour generational replacement in companies; *(ii)* improve the management of the termination of executive directors and top management; and *(iii)* limit the negative effects of any management discontinuity.

Snam pays particular attention to defining an evaluation process to be used as the basis for the selection of candidates. Candidates must be active, proactive and keen to make a contribution to the future of the Group. These characteristics are shared by the individuals who have committed themselves to the Company. Snam's success also stems from its particular focus on selecting key front-line functions.

As of the date of approval of this Report, Snam's key management personnel are considered in succession planning, i.e. Chief Industrial Assets Officer, Chief Financial Officer & B.U. International Development e Executive Vice President Human Resources & Organization & PFM.⁵⁹

The methods used include:

- (i) conducting assessment interviews with current key position holders and potential successors;
- (ii) the identification, for each key position, of the requirements of the role, including the scope of responsibility, expertise, required skills and strategic objectives;
- (iii) the assessment and weighting of the risk associated with the individual key position;
- (iv) the identification and analysis of the line of succession of each key position, in order to identify consistency in terms of skills and experience and readiness;
- (v) individual career plans for internal candidates/external selection or mapping, as appropriate;
- (vi) a hypothetical contingency plan for crisis situations.

The activity is carried out with the support of an external advisor. The Appointments Committee and the Board of Directors have re-

viewed and approved the methods used to draw up succession plans⁶⁰.

On 13 March 2018, the Board of Directors, on the proposal of the Appointments Committee, approved a "contingency plan", in the event of premature termination of the CEO's office or permanent impediment to the performance of his/her duties, which provides for the following:

- in the event of premature termination of the office of the CEO or permanent impediment to his/her duties, the Chair of the Board of Directors will convene (within 24 hours) a meeting of the Board of Directors. In the absence of the Chair of the Board of Directors, the Board of Directors is convened by the most senior director in terms of age, pursuant to Article 15.1 of Snam's Articles of Association;
- the Board of Directors, where possible, co-opts a Director and appoints the Chief Executive Officer, granting him or her the relevant powers, or promptly initiates the process of identifying a CEO, with the support of the Appointments Committee, in the meantime granting powers of ordinary management of the Company to a director;
- the Appointments Committee, which also avails itself of a consultancy firm specialising in the sector, submits proposals to the Board of Directors on the identification of the person best suited to the role of Chief Executive Officer;
- on the proposal of the Appointments Committee, the Board of Directors co-opts a director and identifies the new Chief Executive Officer, conferring the relevant powers on him or her.

On November 17, 2021, the Appointments Committee acknowledged that the contingency plan currently adopted by the Company complies with Recommendation No. 24 of the Corporate Governance Code and, therefore, that the Company is compliant with the same in the provision which states that "the Board shall at least identify the procedures to be followed in the event of early termination of office". However, the Appointments Committee suggested further consideration on the appro-

⁵⁹ As well as Snam's key management personnel, the Financial Reporting Officer and the SVP Internal Audit are taken into account in succession planning.

⁶⁰ Respectively the Appointments Committee, on 12 December 2019, duly reported to the Board of Directors on the same date.

priateness of undertaking, in light of international best practices, a process to evaluate the possible adoption of a succession plan for the chief executive officer.

2.15 Remuneration system for directors and key management personnel

The Board of Directors reviews the 2022 Remuneration Report pursuant to Article 123-ter of TUF, the first section of which – dedicated to the remuneration policy for directors, for statutory auditors and key management personnel adopted by the Company – is subject to a binding vote by the Shareholders' Meeting, while the second section – dedicated to the

analytical illustration of the remuneration paid in any capacity and in any form by the Company and its Subsidiaries to the members of the administration and control bodies, general managers and key management personnel – is subject to a non-binding vote by the Shareholders' Meeting.

For an explanation of Snam's remuneration policy, see the Remuneration Report, which will be submitted to the Shareholders' Meeting for review on 27 April 2022 and made available on the Company's website.

The Remuneration Report is available on the Company website at the link www.snam.it/repository/file/Governance/remunerazione/Relazione_sulla_Remuneratione_2022.pdf

3. SNAM'S COMMITTEES

The Board has established the following internal Committees with consultative and advisory duties, pursuant to the Corporate Governance Code and to Article 16 of the Articles of Association:

- Remuneration Committee;
- Appointments Committee;
- The Control and Risk and the Related-Party Transactions Committee;
- Environmental, Social & Governance Committee.

In order to review matters of common interest, the Committees may meet in joint sessions.

During the year, meetings were held jointly by Committees on issues of cross-department interest. This method allows for effective coordination among the Committees and a timely exchange of information and active discussion of shared issues.

In performing their duties, the Committees are entitled to access the corporate information and functions, and have available the necessary resources and in particular, within the terms established from time to time by the Board of Directors, the Committees can avail themselves of the services of external consultants through the Company structures, provided that they are not in a situation likely to compromise their independent judgement⁶¹.

Each Committee has its own regulation, approved by the Board of Directors, governing the relevant functioning and organization.

These regulations attribute to the Chair of each Committee the role of planning and coordinating the Committee's activities, representing the Committee, convening and directing its meetings, and ensuring that adequate information on the items on the agenda is provided to all members.

⁶¹ The composition, duties and functioning of the Committees are governed by the Board under special regulations, which can be consulted under the "Governance and Conduct" section of the Company's website (<http://www.snam.it/it/etica-governance/comitati/>), in accordance with the criteria set out by the Corporate Governance Code.

Each Committee shall meet, convened by the Chair, according to the calendar approved annually by each Committee – as often as necessary to carry out its activities – and, in any case, whenever a meeting is necessary or appropriate.

The notice of the meeting shall be sent, by order of the Chair, by the Secretary of each Committee, in such a way as to ensure the confidentiality of the data and information contained therein. As a rule, the notice is sent by e-mail to the members of the Committees and made available to them by uploading to the section of the digital portal to which the members of the Committees have restricted access at least 5 days before the date set for the meeting. In cases of necessity and urgency, the notice shall be sent by e-mail at least 12 hours before the time set for the meeting.

Any documentation relating to the items on the agenda shall be made available to the members by the Secretary of each Committee at least five days before the date of the meeting, except in cases of necessity and urgency. However, it is understood that, if the information is not provided within this time limit, adequate and punctual in-depth analysis is guaranteed during the meeting. The documentation is made available to the members, by the Secretary of each Committee, by uploading to the confidential section of the digital portal to which the members of the Committees have restricted access or in the other agreed forms, in any case in such a way as to ensure the confidentiality of the information and data transmitted. If the documentation made available to the members of the Committees is particularly complex and voluminous, the Chair of each Committee, with the assistance of its Secretary, shall ensure that it is accompanied by a document summarizing the most significant and relevant points for the purpose of examining the items on the agenda.

The Chair of each Committee may invite to single meetings the Chair of the Board of Directors, the Chief Executive Officer and the other Directors as well as, informing the Chief Executive Officer, the representatives of the competent

corporate functions, external consultants or any other person, including external, whose presence may be of assistance to the best performance of the Committee's functions. The Chair of the Board of Statutory Auditors and the other standing auditors may attend Committee meetings; in any case, the Chair of the Board of Statutory Auditors, or another member designated by him, takes part in the work of the Control and Risk and Related Party Transactions Committee.

The members of the Committees and other participants in the meetings are required to observe strict confidentiality with regard to documents, news, information and data of which they become aware. All persons attending meetings and/or having access to the Committees' documentation are in any case required to comply with the current regulatory provisions and the procedures adopted by the Company on the processing and disclosure of corporate information and on market abuse, with particular reference to inside information. Individuals who are not members may participate at Committee meetings if asked to do so in relation to the particular agenda items. The respective Secretaries take the minutes of the Committee meetings.

The Committee Regulations provide that, after every meeting, the Chair of each Committee shall update the Board of Directors by a report, at the next convenient meeting, on the matters addressed and the observations, recommendations and opinions expressed⁶². Table 1 in Section VI provides information on the attendance of each participant at Committees meetings.

3.1 Appointments Committee

(i) Composition

The composition of the Appointments Committee is as follows:

Member	Position
Antonio Marano	Independent Non-Executive Director ⁽¹⁾ – Chair
Laura Cavatorta	Independent Non-Executive Director ⁽¹⁾
Alessandro Tonetti	Non-executive

(1) Independent directors pursuant to the independence requirements laid down by TUF and the Corporate Governance Code

The Committee appointed as Secretary the General Counsel.

Committee meetings are deemed to be validly constituted with the presence of a majority of the members in office; the Committee adopts resolutions by an absolute majority of the attendees. In the event of a tie, the Chair of the Committee has the casting vote.

(ii) Tasks

The Appointments Committee carries out preliminary, propositional and advisory functions toward the Board of Directors on the composition and size of the Board and, in particular, assists the Board of Directors with reference to the matters indicated in Appendix 6 to this Report.

(iii) Activities

The Appointments Committee met 8 times in 2021, with 100% attendance by members. The average duration of Committee meetings was 91 minutes.

A brief description of the main activities of the Appointments Committee in 2021 is provided below.

ACTIVITIES

- Review and proposal to the Board of Directors on the limits and restrictions on the accumulation of offices by Snam's directors
- Approval of the Report of the Appointments Committee on activities carried out in the second half of 2020 and first half of 2021
- Approval of the Committee's activities schedule for 2021
- Approval of proposed amendments and additions to the Committee's Regulation
- With regard to the Subsidiaries included in the scope of consolidation and strategic foreign investees, the formulation of proposal for the Board of Directors on the appointment of members of the corporate bodies
- Review of the methods and process for defining Snam's succession plans
- Approval of the document relating to the quantitative and qualitative criteria for assessing the materiality of Business, Financial or Professional Relationships and Additional Remuneration of directors and statutory auditors of Snam

The Appointments Committee Regulation were most recently approved by the Board of Directors on 11 October 2021.

62 In this regard, reference is made to the provision of Recommendation No. 17 of the Corporate Governance Code.

The Appointments Committee Regulation are available on the Company's website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/organi_sociali/comitati/Snam_Regolamento_del_Comitato_Nomine_2020.pdf)

The Committee reported to the Board of Directors at the Board meetings of 29 July 2021 and 16 March 2022 on the activities carried out, respectively, in the first semester 2021 and second semester of 2021. Furthermore, in accordance with Recommendation no. 17 of the Corporate Governance Code, the Chair of the Committee reported on each meeting held at the following Board meeting.

For 2022, the Committee has defined its own calendar and has scheduled 9 meetings, 2 of which are scheduled if there are topics to be discussed. At the date of approval of this Report, the first 3 meetings have already been held.

In accordance with the Regulations of the Appointments Committee, upon invitation by the Chair of the Committee, during 2021 the meetings of the Committee were attended not only by external advisors who attended due to the specific nature of the matters dealt with, but also by the managers and representatives of the corporate departments from time to time competent, depending on the subject of the meeting.

3.2 The Remuneration Committee

(i) Composition

The composition of the Remuneration Committee is as follows:

Member	Position
Francesca Pace	Independent Non-Executive Director ⁽¹⁾ - Chair
Rita Rolli	Independent Non-Executive Director ⁽¹⁾
Alessandro Tonetti	Non-executive

(1) Independent directors pursuant to the independence requirements laid down by the TUF and the Corporate Governance Code

The Board of Directors has identified Francesca Pace as Chair of the Remuneration Committee and has verified that all the members have sufficient knowledge and experience on financial matters and remuneration policies.

Remuneration Committee meetings are deemed to be valid constituted with the presence of at least the majority of the members in office; the Committee adopts decisions by an absolute majority of the attendees. In the event of a tie, the Chair of the Committee has the casting vote.

The Committee appointed as Secretary the General Counsel.

(ii) Tasks

The Remuneration Committee carries out preliminary, propositional and advisory functions⁶³, as described in the Regulation as lastly amended by the Board of Directors on 11 October 2021, toward the Board of Directors on Directors' remuneration.

In accordance with the Board's decision, the Remuneration Committee annually reviews the remuneration structure of the Head of Internal Audit and ensures that it is consistent with the general criteria approved by the Board of Directors for all managers, indicating the above to the Chair of the Control and Risk and Related-Party Transactions Committee for the purposes of the opinion which he must express on this matter at the Board meeting⁶⁴.

The Human Resources & Organisation function and the Administration, Budget, Planning and Control function, with the support of the other corporate functions, carry out the preliminary activity with regard to the activities included in the Committee's tasks.

(iii) Activities

The Remuneration Committee met 16 times in 2021, with an average attendance rate of 100% of its members. The average duration of Committee meetings was 93 minutes.

Below is a brief description of the main issues dealt with by the Remuneration Committee during the 2021 financial year.

63 For a more detailed description of the powers of the Remuneration Committee, please refer to Appendix 6 of this Report.

64 See also Section III, Paragraph 3.3, of the Report.

ACTIVITIES

- Approval of balance of the 2020 annual monetary incentive plan for the Chief Executive Officer and the 2018-2020 Long-Term Share Incentive Plan
- Approval of the 2021 Report on Remuneration policy and compensations paid
- Proposal for 2021 annual monetary incentive for the Chief Executive Officer
- Proposed 2021-2023 Stock Incentive Plan – Information Document
- Disclosure of the impact of Covid-19 on remuneration policies
- Approval of the Committee’s activities schedule for 2021
- In-depth analysis of fair pay issues
- 2020-2022 Long-Term Share-Based Incentive Plan – amendments to the regulation of the second three-year cycle 2021-2023 and 2021 incentive allocation for the Chief Executive Officer
- Analysis of the results of the vote of the Shareholders’ Meeting on the 2021 Remuneration Report, launching an in-depth examination of the issues raised by shareholders and proxy advisers
- Proposal to amend the Committee Regulation in light of the new Corporate Governance Code

The Committee reported to the Board of Directors at the Board meetings of 29 July 2021 and 16 March 2022 on the activities carried out in the first semester of 2021 and second semester of 2021. Furthermore, in accordance with Recommendation no. 17 of the Corporate Governance Code, the Chair of the Committee reported on each meeting held at the following Board meeting.

For 2022, the Committee has defined its calendar and has scheduled 13 meetings, 2 of which scheduled if there are matters to be discussed. As of the date of approval of this Report, 7 meetings have been held.

Pursuant to the Regulations, directors refrain from attending Committee meetings during which proposals are discussed concerning their remuneration.

During 2021, the Chair of the Board of Statutory Auditors, or a Standing Auditor designated by the latter, regularly attended the Committee’s meetings and, upon invitation of the Chair of the Committee, other non-Committee members also attended the Committee’s meetings in order to provide information and in-depth analyses on individual agenda items, including the heads and representatives of the corporate

departments from time to time competent, depending on the subject of the meeting.

The Committee availed itself of external consultants, some of whom also provide services (which do not compromise their independent judgement) to the Human Resources and Organisation business area.

The Remuneration Committee Regulation is available on the Company website http://www.snam.it/export/sites/snam-rp/repository/file/Governance/organi_sociali/comitati/Regolamento_Comitato_Remunerazione_2019.pdf

3.3 The Control and Risk and Related-Party Transactions Committee

(i) Composition

The composition of the Control and Risk and Related-Party Transactions Committee is as follows:

Member	Position
Francesco Gori	Independent Non-Executive Director ⁽¹⁾ - Chair
Francesca Pace	Independent Non-Executive Director ⁽¹⁾
Antonio Marano	Independent Non-Executive Director ⁽¹⁾

(1) Independent directors pursuant to the independence requirements laid down by the TUF and the Corporate Governance Code

Snam’s Board of Directors identified Francesco Gori as Chair of the Control and Risk and Related-Party Transactions Committee and has verified that (i) the Committee as a whole has adequate expertise in the business sector in which the Company operates, suitable for assessing the relevant risks; and (ii) all the members have an adequate accounting, financial and risk management experience.

The Committee appointed as Secretary the General Counsel.

Committee meetings are deemed to be validly constituted with the presence of the majority of the members in office; the Committee resolves by an absolute majority of the attendees. In the event of a tie, the Chair of the Committee has the casting vote.

(ii) Tasks

The Remuneration Committee carries out preliminary, propositional and advisory functions⁶⁵ toward the Board, and supports Board decisions and assessments concerning the internal control and risk management system, as well as those relating to the approval of financial and non-financial reports. The Committee is also responsible for monitoring Corporate Tax Policy.

(iii) Activities

The Committee met 15 times in 2021, with attendance of 100%. The average duration of Committee meetings was approximately 221 minutes.

Below is a brief description of the main issues discussed and the main activities performed during the 2021 financial year.

AREA	ACTIVITIES
<i>Activities of a non-recurring nature</i>	
Internal control and risk management system	<ul style="list-style-type: none"> - In-depth examination of tax issues. - Approval of the activities schedule for 2021 - In-depth examination of certain strategic transactions relevant to the internal control and risk management system. - Analysis of the implementation activities of the Tax Control Framework - In-depth examination of issues relating to Snam Rete Gas pipeline maintenance activities - Examination of proposed amendments to the <i>"Guideline of the Board of Directors of Snam S.p.A. on Internal Audit Activities"</i> - Approval of proposed amendments to the <i>"Guideline on transactions involving the interests of the directors and statutory auditors and transactions with related parties"</i> - Examination of proposed amendments to the group's centralized treasury service agreement - Examination of the proposed course for the revision of Group cost allocation model to investee companies - Examination of the draft policy on offices held by managers of Snam in companies outside the group - In-depth examination of the procedures applicable to tenders awarded by Snam group companies - In-depth examinations of the content of warnings received - Approval of proposed amendments to the Regulation on the functioning of the Committee - Examination of the economic results for the first nine months of 2021, as reported in the interim report, compared with the results for the same period of 2020 and with budgeted data - Examination of the activities of: the Corporate Strategy & Investor Relations Function; the Commercial, Asset Planning & Regulatory Affairs Function; the Hydrogen Business Unit - Review of the 2021 audit schedule and significant audit risks at Snam group level
<i>Activities of a recurring nature</i>	
ERM Model and management of the main risks faced by the Company	<ul style="list-style-type: none"> - Periodic analysis of financial risk management with the management of Finance function - Review of reports on the identification and updating of the key corporate risks in the ERM system and opportunities within the scope in the periods relating to the fourth quarter of 2020 and the first, second and third quarters of 2021 - In-depth examination of the issues relating to the Tax Control Framework - Summary report by the Tax Risk Manager - Examination of the progress status of activities for integrating ESG risk areas into the ERM framework - Examination of the methodology adopted to identify the risks associated with 2021-2025 strategic plan of Snam - Examination of the activities carried out with regard to the periodic analysis of financial risks

65 For a more detailed description of the duties of the Control and Risk and Related-Party Transactions Committee, see Annex 5 to this Report.

AREA	ACTIVITIES
Oversight of the Internal Audit function	<ul style="list-style-type: none"> – Examination of the proposal for the consolidation of the 2020 objectives applied to the Senior Vice President Internal Audit and analysis of the proposed 2021 objectives – Examination of the activities carried out by the Internal Audit Function in the second half of 2020 – Review of the results of the 2020 External Quality Review of the Internal Audit Function – Examination of: (i) SCIS independent monitoring, (ii) Continuous Monitoring activities, (iii) further Internal Audit projects to be developed. – Detailed analysis of the internal audit reports produced in 2021 – Analysis of the quarterly reports on the notifications received by Snam and the Subsidiaries and on the internal audit activities carried out – Review of the functionalities of the information system supporting the internal audit process and updating of the continuous monitoring tool – Analysis of the proposed 2022-2023 Audit Schedule – Analysis of the proposal of Internal Audit Function's budget for 2021
Corporate reporting control system	<ul style="list-style-type: none"> – Review of the report on the adequacy of the CRCS and on the compliance of the administrative and accounting procedures and the annual report on the organisational, administrative and accounting structure of Snam and its Subsidiaries
Legal audit of financial statements	<ul style="list-style-type: none"> – Analysis of issues relating to the half-year and annual financial report, with regard to both the auditing and the checks on the effectiveness of the CRCS
Legislative Decree No. 231 of 2001, Code of Ethics and Anti-Corruption Guidelines	<ul style="list-style-type: none"> – Review of the process of updating the Company's 231 Model and analysis of the updating of the Special Part of the 231 Model in light of regulatory and case law updates, as well as the organizational amendments made – Meetings with the Supervisory Body regarding the report on the work performed in the second half of 2020 and in 2021 – Examination of the content of the "2020 Compliance Report"
Corporate governance and regulatory compliance	<ul style="list-style-type: none"> – Analysis of the Non-Financial Statement pursuant to Leg. Decree 254 of 2016, of the Sustainability Report 2020 and of the Financial Disclosure on Climate Change, drawn-up on the basis of recommendations made by the Task Force on Climate Related Financial Disclosure – Analysis of issues relating to the interim management report as at 30 September 2021
Transactions in which directors and statutory auditors have an interest and related-party transactions	<ul style="list-style-type: none"> – Annual assessment of the decisions made by the Company to define the threshold for the purposes of distinguishing between transactions of lesser and greater significance in the "Guidelines on transactions in which directors and statutory auditors have an interest and related-party transactions" and related amendments. – Examination of certain transactions with related parties during the relevant preliminary investigation phase – Analysis of the potential acquisition of an indirect equity interest held by Eni in companies active in the transportation of gas from North Africa (so-called "Project Corridor"), expressing the related opinion – Examination of related-party transactions carried out by Snam group during the 2020 financial year.

The Regulation of the Control and Risk and Related-Party Transactions Committee was most recently approved by the Board of Directors on 11 October 2021.

The Regulation of the Control and Risk Committee and Related Party Transactions is available on the Company's website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/organi_sociali/comitati/Snam_S.p.A.-Regolamento_CCROPC-ITA_2019_.pdf).

The Committee reported to the Board of Directors at the Board meetings of 29 July 2021 and 16 March 2022 on the activities carried out in the first semester of 2021 and second semester of 2021. Furthermore, in accordance with Recommendation no. 17 of the Corporate Governance Code, the Chair of the Committee reported on each meeting held at the following Board meeting.

For 2022, the Committee has defined its calendar and has scheduled 12 meetings. As of

the date of approval of this Report, 4 meetings have already been held.

During 2021, external subjects attended the meetings of the Committee upon invitation by the Chair of the Control and Risk and Related-Party Transactions Committee, in order to provide information and explanations and, in particular, in addition to external advisors who took part by virtue of the specific nature of the matters dealt with, also the managers and representatives of the corporate departments from time to time competent, depending on the subject of the meeting.

The meetings of the Committee were usually also attended by the Chair of the Board of Statutory Auditors and/or other Statutory Auditors.

3.4 Environmental, Social & Governance Committee

(i) Composition

As at 31 December 2021, the ESG Committee was composed as follows:

Member	Position
Laura Cavatorta	Independent Non-Executive Director ⁽¹⁾ - Chair
Yunpeng He ^(*)	Non-executive
Rita Rolli	Independent Non-Executive Director ⁽¹⁾

(1) Independent directors pursuant to the independence requirements laid down by the TUF and the Corporate Governance Code

(*) On 17 February 2022, following the resignation of Yunpeng He, the Board of Directors co-opted Qinjing Shen, also appointing him as a member of the ESG Committee.

The Committee appointed as Secretary the General Counsel.

Committee meetings are deemed to be validly constituted with the presence of the majority of the members in office; the Committee resolves by an absolute majority of the attendees.

(ii) Tasks

The ESG Committee carries out preliminary, propositional and advisory functions towards the Board of Directors, with the aim of: (i) promoting the continued incorporation of national and international best practices into Snam's corporate governance and of environmental, social and governance factors into corporate strategies, and (ii) creating value for shareholders generally and for stakeholders in the medium to long term, while respecting the principles of sustainable development⁶⁶.

(iii) Activities

The ESG Committee met 16 times in 2021, with 98% attendance by members. The average duration of Committee meetings was 115 minutes.

⁶⁶ For a more furthered description of the powers of the ESG Committee, please refer to Annex 6 of this Report.

In 2021, the ESG Committee focused its activities on the matters indicated in the following table.

ACTIVITIES
– Analysis of Snam’s positioning in the main sustainability indices
– Review of initiatives in the field of digital development and artificial intelligence
– Approval of the 2021 activities schedule
– Review of the preliminary results of the “Sustainability” objectives identified in the AMI 2020 scorecard and the objectives achieved in 2020 with reference to the 2018-2020 LTE Plan
– Review of the content of the Report summarizing the evidence emerging from the 2020 Board Evaluation activity
– Review of (i) the Report on Corporate Governance and Ownership Structure 2020, including the diversity policy and Recommendations of the Corporate Governance Committee; and (ii) amendments to the Committee’s Regulation required by the Corporate Governance Code
– Review of ESG performance indicators
– Review of the impact of the the Covid-19 health emergency on Snam’s revenue account and new businesses
– Approval, jointly with the Remuneration Committee, of the outcome of the consolidation of 2020 objectives, of the score proposal relating to the 2020 AMI Plan and the 2018-2020 LTE Plan for the Chief Executive Officer of Snam
– Proposal for the new objectives of the 2021 AMI Plan and the 2021-2023 LTE Plan
– Review of the main changes of the new Corporate Governance Code for listed companies published on 31 January 2020 and of the provisions already implemented and to be implemented, as well as the timing of the necessary implementation activities
– Review of the progress status of the ESG risk integration process undertaken by the Company, in order to identify ESG risks related to both the strategic plan and possible risks outside the plan horizon.
– Review of the results of the audit analysis concerning the Environmental, Social and Governance activities carried out, in execution of the 2020 Audit Schedule approved by the Board of Directors
– Review of proposed changes to Snam’s Human Rights Policy
– Review of Board Induction proposals for the third year of the term of office and of the Board Evaluation 2021 work plan
– <i>In-depth analysis of fair pay issues, with particular reference to the gender pay gap and the CEO pay ratio</i>
– Review of the methodology and results of the financial risk analysis, also from an ESG perspective, included in the 2022-2025 Strategic Plan.
– Review of the summary of for-profit and not-for-profit initiatives carried out in 2020 and review of for-profit and not-for-profit initiatives for 2021
– Review of 2021 HR initiatives, projects and initiatives launched in the field of sustainability
– Review of the ESG Scorecard work plan, updated to the third quarter of 2021
– <i>Review of proposed harassment policy</i>
– Review and approval of the proposed Policy for managing dialogue with the Shareholders and other stakeholders
– <i>Review of the initiatives carried out as part of the “Snam4Diversity - Energy that includes” programme</i>
– Review and approval of proposed amendments to the Regulation for the functioning of the Committee and the Board of Directors
– Review of the Sustainability Report
– Long-Term Share-Based Incentive Plan. In-depth analysis of the methods used to calculate the objective of reducing gas emissions
– Review of the activities of the working group in relation to the TCFD

In a joint meeting with the Remuneration Committee, the Committee discussed in detail the incentive system and corporate objectives.

The ESG Committee Regulation was most recently amended by the Board of Directors on 11 October 2021.

The Rules of the Environmental, Social & Governance Committee are available on the Company's Website [Website \(http://www.snam.it/export/sites/snam-rp/repository/file/Governance/organi_sociali/comitati/Snam_S.p.A.-Regolamento_Comitato_ESG-I-TA_2019_.pdf\)](http://www.snam.it/export/sites/snam-rp/repository/file/Governance/organi_sociali/comitati/Snam_S.p.A.-Regolamento_Comitato_ESG-I-TA_2019_.pdf)

The Committee reported to the Board of Directors at the Board meetings of 29 July 2021 and 16 March 2022 on the activities carried out in the first semester of 2021 and second semester of 2021. Furthermore, in accordance with Recommendation no. 17 of the Corporate Governance Code, the Chair of the Committee also reported on each meeting held at the following Board meeting.

For 2022, the Committee has defined its calendar and has scheduled 12 meetings, 2 of which scheduled if there are matters to be discussed. As of the date of approval of this Report, 6 meetings have already been held.

The meetings were attended by the Chair of the Board of Statutory Auditors and/or other members of the Board of Statutory Auditors. Persons who are not members of the Committee also attended the meetings, upon invitation by the Chair of the Committee, in order to provide information and express the assessments of competence with reference to the individual items on the agenda and, in particular, in addition to external advisors who took part by virtue of the specific nature of the matters dealt with, also the managers and representatives of the corporate departments from time to time competent, depending on the subject of the meeting.

4. SNAM'S BOARD OF STATUTORY AUDITORS AND EXTERNAL AUDITORS

4.1 Snam's Board of Statutory Auditors

The Board of Statutory Auditors, pursuant to the TUF, oversees compliance with the law and with the deed of incorporation, as well as respect for the principles of proper administration in the performance of company activities. It also evaluates the adequacy of the organisational, administrative and accounting structure adopted by the Company, and how it functions in practice. Furthermore, pursuant to Article 19 of Legislative Decree No. 39 of 27 January 2010 (as updated by Legislative Decree No. 135 of 17 July 2016, which implemented European Directive 2014/56/EU on statutory audits), the Board of Statutory Auditors also performs supervisory functions in its capacity as the "Internal Control and Audit Committee".

(i) Composition

The Company's current Board of Statutory Auditors was appointed by the Shareholders' Meeting of 2 April 2019 for three financial years and, in any event, until the date of the Shareholders' Meeting called to approve the financial statements as of 31 December 2021. The following table provides information about the current members of the Board of Statutory Auditors:

MEMBER	POSITION	LIST IN WHICH HE/SHE WAS SUBMITTED
Stefano Gnocchi	Standing Auditor and Chair	List submitted jointly by the institutional investors
Gianfranco Chinellato	Standing Auditor	CDP RETI S.p.A. list
Donata Paola Patrini	Standing Auditor	CDP RETI S.p.A. list
Federica Albizzati	Alternate auditor	List submitted jointly by the institutional investors
Maria Gimigliano	Alternate auditor	CDP RETI S.p.A. list

Two lists for the appointment of the Board of Statutory Auditors were submitted at the Shareholders' Meeting of 2 April 2019:

- (i) a list submitted by CDP RETI S.p.A. (two candidates for standing auditor and one candidate for alternate auditor); and

- (ii) a joint list presented by institutional investors (one candidate for standing auditor and one candidate for alternate auditor).

The share capital represented at the Shareholders' Meeting for the appointment of statutory auditors through list voting constituted 70.47% of the share capital, and 70.25% of the share capital voted. The list submitted by CDP RETI S.p.A. was voted for by 92.76% of the share capital represented in the Shareholders' Meeting (the list receiving the most votes), while the list submitted jointly by the institutional investors was voted for by 6.93% of the share capital represented.

Therefore, applying the provisions of the Articles of Association on the list voting mechanism applicable in 2019, 3 standing auditors were appointed (2 from the CDP RETI S.p.A. list and 1, namely the Chair of the Board of Statutory Auditors, from the institutional investors' list) and two alternate auditors were appointed (1 from the CDP RETI S.p.A. list and 1 from the institutional investors' list).

The personal and professional characteristics of each statutory auditor are described in the biographies below⁶⁷.

⁶⁷ For the full versions of the CVs of each statutory auditor of the Company currently in office, visit the following web address: <http://www.snam.it/it/etica-governance/collegio-sindacale/>.

Stefano Gnocchi

Chair

Nationality: Italian

Professional background: Chartered accountant and auditor



Career

Born in Codogno (LO) in 1974.

Chair of Snam's Board of Statutory Auditors since 2 April 2019.

He holds a degree in Economics with a specialisation in finance and a Master's in Business and Knowledge Audit at the Catholic University of Milan.

He is a Chartered Accountant and Statutory Auditor, Certificate Risk Management Assurance (CRMA), Information System Auditor (CISA), Internal Audit Qualified External Assessor/Validator (QAR).

He is Chair of the board of statutory auditors of MutuiOnline, listed group leader in Italy in the market for the distribution of credit products. Standing Auditor of MTA S.p.A., a multinational automotive company. Member of the supervisory body of listed company; member of the commissions of the Order of Chartered Accountants of Milan and of the research committees of Assirevi. Member of the AIIA, AIAF, ANDAF, IGS and NedCommunity associations. Contract lecturer at the Department of Economic and Business Sciences at the University of Pavia (2010-2017).

20 years of professional experience at the Big Four (both in Italy and the US) and at Mazars (Italy), in the areas of governance and internal control systems, evaluation of governance, compliance, internal audit, risk management, management control, investigation & fraud auditing and financial audit, certification of business plans and assurance of management control systems and prospectuses.

Main sectors: automotive, petroleum, energy&utilities, food&gdo, fashion, retail, e-commerce, insurance, banking, asset management, real estate.

Gianfranco Chinellato

Standing Auditor

Nationality: Italian

Professional background: Chartered accountant and auditor - University lecturer



Career

Born in Padua in 1951.

Standing Auditor of Snam since 2 April 2019.

He graduated in Economics and Business from "La Sapienza" University in Rome.

He is registered in the Register of Chartered Accountants and in the Register of Statutory Auditors.

Since 1996 he has been a professor of tax law at the University of Tuscia in Viterbo, and at the Accademia della Guardia di Finanza. He is the author of the monography "CODIFICAZIONE TRIBUTARIA E ABUSO DEL DIRITTO-CONTRIBUTO ALLO STUDIO DEGLI STRUMENTI DI CONTRASTO ALL'ELUSIONE FISCALE", CEDAM, Padova, - 2007 in the series "CURRENT ISSUES OF TAX LAW", directed by Franco Gallo, of the section "DIPORTO NAUTICO, DIRITTO TRIBUTARIO" in Legal Encyclopaedia, Istituto della Enciclopedia Italiana Treccani, Rome - 2005, as well as author of several essays and articles on tax and corporate issues in leading legal journals. Since 1978, he has performed corporate and economic consultancy and assistance work, both in Italy and abroad, in the various industrial, hotel, hospital and service sectors, as well as consulting, assistance, defence and tax representation work for leading banking institutions, public and private bodies, and industrial, commercial and services companies of all sizes, including securities and insurance brokers. Among his other activities, for the National Research Council (CNR), Vicariate General for Vatican City, ADN Kronos Group, Italian Private Hospitals Association (A.I.O.P.), HUMANITAS, GIOMI S.p.A., GVM S.p.A., TRAFALGAR Ltd Group, Cassa Nazionale di Previdenza e Assistenza Dottori Commercialisti (social welfare fund for chartered accountants), Cassa Nazionale degli Ingegneri (social welfare fund for engineers), Cassa Nazionale di Previdenza degli Psicologi (social welfare fund for psychologists), as well as Costa Smeralda Consortium, Porto Rotondo Consortium, UNIONCAMERE and special Chamber of Commerce-registered Companies and Firms.

Since 1978, he has held and continues to hold positions as Chair and Statutory Auditor of listed and non-listed companies, and as Chair and member of the supervisory bodies of various companies.

Since 1996, he has been registered in the Register of Technical Advisers of the Court of Rome, for which he has produced major expert reports, including on ENEL S.p.A. (distribution branch, 1999), SERFI S.p.A. and SOFID S.p.A. (ENI Group, 1998).

From 2010 to 2015, he was a technical consultant to the Land Registry, now embedded in the Tax Agency.

Since 2020, he has been a member of the Ufficio del Massimario of the Lazio Regional Tax Commission.

Donata Paola Patrini

Standing Auditor
Nationality: Italian
Professional background: Chartered accountant and auditor



Career

Born in Milan in 1956.
Standing Auditor of Snam since 2 April 2019.
She holds a degree in Economics and Business.
She is registered in the Register of Accountants of Milan, the Register of Statutory Auditors and in the Register of Technical Consultants of the Court of Milan.
Since 1985, she has been a founding partner of Patrini and Associati, an association of chartered accountants, mainly dealing with the financial, tax and corporate aspects of large Italian and multinational companies.
She is a statutory auditor, director and member of the supervisory boards of various Italian and foreign companies operating in the pharmaceutical, healthcare, industrial, commercial, energy, telecommunications, publishing and fashion sectors and sole shareholder of Reporting S.r.l.

Federica Albizzati

Alternate Auditor
Nationality: Italian
Professional background: Chartered accountant and auditor

Career

Born in Varese in 1970.
Alternate Auditor of Snam since 2 April 2019.
She holds a degree with honours in Business Economics at the Luigi Bocconi University of Milan in 1994.
State examination for practising the medical profession
Chartered Accountant and Auditor in 2001.
She is registered in the register of Chartered Accountants and Accounting Experts of Busto Arsizio at No. 513, section A and in the Register of Statutory Auditors since 2001. She is a Senior Tax Consultant of Counsel at Caravati Pagani - Dottori Commercialisti Associati.
Her areas of specialization are corporate and tax consultancy, extraordinary transactions, corporate groups, holding companies and contracts.
She holds the positions of Chair of the board of statutory auditors, standing auditor and external auditor in various Italian companies.

Maria Gimigliano

Alternate Auditor
Nationality: Italian
Professional background: Chartered accountant and auditor

Career

Born in Naples in 1976.
Alternate Auditor of Snam since 26 March 2013.
She holds a degree in Business Economics from the Luigi Bocconi University of Milan.
She is standing statutory auditor of Infrastrutture Trasporto Gas S.p.A., Tep Energy Solution S.r.l., Asset Company 2 S.r.l., Mieci S.p.A., Evolve S.p.A., B4i Fund SIS S.p.A.; Surfaces Technological Abrasives S.p.A., ADI S.r.l., RBM Italia S.r.l., Luna Abrasivi S.r.l., Vincent S.r.l. ed Ennefin S.p.A.
She is enrolled in the Register of Auditors.

For a description of the main duties of the Board of Statutory Auditors pursuant to the applicable law, and the provisions of the Articles of Association governing methods of appointing and substitution the statutory auditors and their term of office, see Annex 7 to this Report.

For an illustration of the policy adopted by Snam on diversity in the composition of corporate bodies, including the Board of Statutory Auditors, in relation to age, gender, training and career progression, as most recently updated by resolution of the Board of Directors on 16 March 2022 upon proposal of the ESG Committee, please refer to Paragraph 2.3, Section III of this Report.

The remuneration of the Board of Statutory Auditors is determined by the Shareholders' Meeting, taking account the expertise, professionalism and commitment required, the importance of the position held and the size and sector characteristics of Snam.

(ii) Meetings of the Board of Statutory Auditors

The Board of Statutory Auditors met 17 times in 2021, with average attendance of 96% (see Table 2 in Section VI). The average duration of the meetings was 183 minutes.

For 2022, the Board of Statutory Auditors has scheduled 17 meetings. As of the date of approval of this Report, 5 meetings were held.

Pursuant to the Guidelines entitled "Transactions in which directors and statutory auditors have an interest and related-party transactions", the members of the Board of Statutory Auditors must declare any interest on their own behalf or that of third parties in specific transactions submitted to the Board of Directors. No situations arose in which such declarations were required from the members of the Board of Statutory Auditors in 2021.

The Board of Statutory Auditors is the recipient of the information flows necessary for the exercise of its duties as provided for in the "Framework Resolution between the Boards of Statutory Auditors of the Snam Group", which formalises the information flows between the boards of statutory auditors of the Snam Group.

A description of the ways in which the Board of Statutory Auditors interacts with the Control and Risk and Related-Party Transactions Committee

and with the Internal Audit function can be found in Paragraph 1.3 of Section IV of the Report.

(iii) Independence of the Board of Statutory Auditors

The Company's Board of Directors, after consulting the Appointments Committee, established, most recently on 14 December 2021, the quantitative and qualitative criteria for assessing the significance of relevant circumstances pursuant to Recommendation no. 7, first paragraph, of the Corporate Governance Code for the purpose of assessing the independence of directors and statutory auditors. In light of these criteria, the Benchmark is currently equal to 60,000 euro for the Standing Auditors and 80,000 euro for the Chair of the Board of Statutory Auditors.

For a more detailed description of these criteria, please refer to Paragraph 2.11 above of this Section of the Report.

The Board of Statutory Auditors verified that all the members of the Board of Statutory Auditors meet the independence requirements set forth in Article 148, paragraph 3, of the Consolidated Financial Act, as well as those indicated for directors in Articles 3 and 8 of the previous Corporate Governance Code immediately after the appointment of the relevant members, on 2 April 2019, on the basis of the statements provided by the Statutory Auditors themselves.

The results of these verifications were the subject of a press release issued by the Board of Directors⁶⁸. On 2 April 2021, the Board of Statutory Auditors carried out the annual verification of possession by all members of the Board of Statutory Auditors of the independence requirements provided for in Article 148, paragraph 3, of the Consolidated Financial Act, as well as those indicated for directors in Articles 3 and 8 of the previous Corporate Governance Code. The verification by the Board of Statutory Auditors relating to the 2022 financial year will be carried out in March.

In this respect, the directors and auditors shall provide all the elements necessary or useful for the assessment by the competent body which shall consider, on the basis of all the information available, any circumstance affecting or appearing likely to affect independence.

⁶⁸ In this regard, reference is made to Criterion 8.C.1 of the previous Corporate Governance Code, corresponding to the current Recommendation 10 of the Corporate Governance Code.

4.2 Board of Statutory Auditors evaluation

In the last part of the 2021 financial year and during the first two months of 2022, the Board of Statutory Auditors carried out its self-assessment with the assistance of Spencer Stuart – a leading consulting firm on corporate governance issues – which also supported the Company's Board of Directors in its self-assessment process during the three-year period.

This is a best practice that the Board of Statutory Auditors of Snam adopted in the first year of its term of office in 2019, despite the absence of a specific recommendation of the previous Corporate Governance Code. Therefore, 2021 financial year represents the year of conclusion of the term of office and has provided for the opportunity to the Statutory Auditors to be able to valorize the activities carried out in the three-year period and the growth achieved.

The activity was carried out by means of an integrated method consisting of the filling in, by each auditor, of a questionnaire concerning the size, composition and functioning of the Board of Statutory Auditors as a whole and of an individual interview carried out by the advisor in order to examine in depth both the most relevant aspects that emerged from the filling in of the questionnaire and the contribution of the individual statutory auditors in terms of style and content of the contribution provided.

The results of the self-assessment for 2021 financial year reveal unanimous opinions expressed by the statutory auditors regarding the full adequacy of the size, composition and functioning of the Board of Statutory Auditors. With regard to the results that emerged in the first year

of the term of office, it was confirmed that the Board of Statutory Auditors was able to adopt effective and efficient operating methods, in line with the reference regulatory framework.

Despite the fact that the three-year period was marked by a long period of contingency and long-distance interactions due to the pandemic, the Statutory Auditors continued to stay in touch regularly and assiduously, trying to meet in person and strengthening the relationships. The dialogue has been good and constructive. Undoubtedly, all the Statutory Auditors have felt free to express their opinions and have discussed with the utmost autonomy and independence.

During 2021 financial year, the Board of Statutory Auditors fully carried out its supervisory functions on administration and compliance with the law and the Corporate Articles of Association. The Board of Statutory Auditors has fulfilled its duties by exercising all the powers conferred by law and being able to count on a constant and analytical flow of information from the Company.

4.3 External Auditors

As required by law, the statutory audit is assigned to an independent auditing firm listed in the relevant register and appointed by the Shareholders' Meeting based on a reasoned proposal from the Board of Statutory Auditors. On 23 October 2019, the Shareholders' Meeting resolved to grant the mandate of external auditors to Deloitte & Touche S.p.A. for the financial years ended 31 December 2020-2028, on the recommendation of the Board of Statutory Auditors.

5. INDUCTION PROGRAMME FOR DIRECTORS AND STATUTORY AUDITORS

Snam takes a proactive approach to improving the Company's efficiency by involving directors and statutory auditors in Board induction sessions.

In 2021, Board induction sessions were held and attended by the members of both the Board of Directors and the Board of Statutory Auditors.

The *board induction* sessions, in accordance with the provisions of the Corporate Governance Code, were designed to provide Directors and Statutory Auditors with timely updates concerning the business sector in which the Company operates, also in light of the Company's dynamics and the evolution of the corporate structure, as well as in-depth analyses concerning issues related to the energy transition process and related strategic objectives, such as, for example, the role of hydrogen. The sessions were designed and led by the management teams of the relevant departments.

In particular, in 2021, the following meetings took place in which the issues indicated were explored:

- 14 January: *"Energy Transition Platform"*;
- 24 May: *"Initiatives in the field of sustainable mobility"*;
- 15 June: *"Hydrogen development projects and Hydrogen ready assets"*;
- 14 September: *"International markets and development prospects"*;
- 11 October: *"New business 2021 performance"*; *"Update on gas and H2 transport, storage and market scenarios"*; *"Transport of Hydrogen in the existing pipelines"*;
- 19 October: *"Storage Business Update"*; *"People: talent development and welfare initiatives"*; *"Evolution of the regulatory framework"*.

In relation to off-site visits, which allow directors and statutory auditors adequate knowledge of the Company's business sector, on 11 October 2021 a visit was made to the Snam Rete Gas plant in Malborghetto (UD).

6. RELATIONS WITH SHAREHOLDERS AND INVESTORS

In line with the Code of Ethics and the Corporate Governance Code, Snam has maintained an on-going dialogue with shareholders, institutional investors, socially responsible investors, analysts and all financial market operators, ensuring the systematic disclosure of prompt and comprehensive information on its activities, without prejudice to the confidentiality requirements pertaining to certain types of information. Information is provided to investors, the market and news media through press releases, periodic meetings with institutional investors, the financial community and the press, and ample documentation and numerous publications are made available and continually updated on the Company's website, in particular in the "Investor relations" section of the Company's website.

Information on statement of accounts, significant events/transactions and procedures issued by Snam in relation to corporate governance is disclosed to the public promptly and posted on the Company's website, where it is also possible to access Snam press releases, documents used during meetings with financial analysts, shareholder notices, and information and documents on the agenda items of the Shareholders' Meeting, and the relevant minutes.

Snam has been promoting digital communication for years as an efficient and preferred means of sharing corporate, financial and business information, with a view to establishing a relationship of transparency and trust with its stakeholders and potential investors. Also in the 2021-2022 edition, the Company remained at the top in digital *corporate* communication in the *Webranking by Comprend* Italy and Europe, confirming the transparency and quality of the content offered. The corporate website - available in English and Italian - is updated regularly.

With the aim of providing a full and detailed representation of financial data and

strategies, top management presents the company's results (quarterly, half-yearly and annual) and strategy (Strategy Presentation) to the market through dedicated conference calls. Also in 2021, the option to follow the Shareholders' Meeting via live streaming was offered, ensuring the involvement of shareholders and stakeholders despite the limitations imposed by the health emergency.

Relationships with the shareholders and the operators of the financial market are maintained by the "*Corporate Strategy & Investor Relations*" function. Information of interest are available on the web site of the company and can be requested also by email at the address investor.relations@snam.it.

Snam believes that the involvement of shareholders and the establishment of a relationship of trust with them are strategic elements and, as such, were also pursued during 2021. The Corporate Strategy & Investor Relations function encourages the exercise of voting rights at the Shareholders' Meeting, and believes that an active policy of engagement is a valid resource for the whole Group, since it ensures shareholder satisfaction, helps to strengthen relations between shareholders and the Company, and plays a part in involving and informing shareholders about their shares and their decisions, as well as helping the Company to understand their expectations.

6.1 Engagement Policy

On 29 July 2021, the Board of Directors of the Company approved the Policy for managing dialogue with the Shareholders and other stakeholders (the "**Engagement Policy**"), in line with the recommendations of the Corporate Governance Code, the engagement policies adopted by institutional investors, proxy advisors and asset managers and international best

practices, available in the “Governance and Conduct” section of the Company’s website⁶⁹.

The Company has indeed always recognised the centrality of dialogue with its shareholders and bondholders, as well as with institutional investors and asset managers, and encourages constant and continuous dialogue that results in benefit for investors and the Company, with a view to creating value in the medium-long term.

For this purpose, the Company has adopted the Engagement Policy aimed at regulating the traditional means of conducting dialogue with the Company’s shareholders, the holders of other financial instruments issued by the Company, proxy advisors and rating agencies (the “**Interested Parties**”) as well as the dialogue between the Board of Directors and the Interested Parties on issues falling within the Board’s competence.

In managing dialogue with Interested Parties, the Company shall operate in accordance with the following general principles: *(i)* the principle of transparency of the information provided within the scope of the dialogue, pursuant to which the information provided shall be clear, complete, correct, truthful and not misleading; *(ii)* the principle of equal treatment of the holders of financial instruments issued by the Company; *(iii)* compliance with the provisions of law and regulations from time to time in force as well as the internal rules of governance, ensuring in any case the application of the principles of cooperation and transparency with the supervisory authorities and competent administrations.

The dialogue between the Company and the Interested Parties may concern, in particular: *(i)* management performance, financial statements and periodic financial results; *(ii)* corporate strategy (business plan, announced investments, targets); *(iii)* dividend policy; *(iv)* buy-back plans; *(v)* the performance of the Company’s shares and other financial instruments issued by the Company; *(vi)* operations announced or implemented by Snam and its subsidiaries of significant strategic, economic, equity or financial importance; *(vii)*

the competitive and regulatory context; *(viii)* the corporate governance system; *(ix)* the appointment and composition of corporate bodies (including board committees), also with reference to their size, professionalism, reputation, independence and/or diversity; *(x)* environmental, social and sustainability issues; *(xi)* the remuneration policy for directors and executives with strategic responsibilities; *(xii)* transparency and corporate disclosure to the market; *(xiii)* the internal control and risk management system, including with regard to financial reporting; *(xiv)* transactions announced or carried out with related parties; *(xv)* extraordinary and/or particularly significant events that have occurred and which may significantly affect Snam’s prospects and/or its reputation.

In the dialogue with the Interested Parties, the following are involved: *(i)* the Board of Directors, with a role in directing, supervising and monitoring the application of the Engagement Policy and, in general, the progress of dialogue; *(ii)* the Chair, who – in coordination with the Chief Executive Officer, the Investor Relator and the Secretary – assesses the identification of the Directors to be involved in the dialogue, informs the Board of Directors of the development and significant contents of each dialogue held at the following meeting, and – in agreement with the ESG Committee – submits to the Board any proposals to amend or supplement the Engagement Policy; *(iii)* the Chief Executive Officer, empowered by the Board of Directors, who reports periodically, and promptly on the occasion of significant events, to the Board of Directors with regard to procedures for managing dialogue and, in relation to controversial issues (including in the event of a conflict of interest on the part of the Chief Executive Officer with respect to the issues involved in the dialogue), requests the Board of Directors to assess the existence of the Company’s interest in establishing a dialogue with one or more Interested Parties; *(iv)* the Investor Relations function, which interacts on an on-going basis with institutional investors, financial analysts and Interested Parties; *(v)* the Secretary of the Board of Directors, who interacts with Interested Parties in coordination with the Investor Relator, particularly on corporate governance issues.

In addition to the contents described in Para-

⁶⁹ The Engagement Policy is available on the Company’s website at the following link: https://www.snam.it/export/sites/snam-rp/repository/file/Governance/corporate_governance/Politica-in-materia-di-dialogo-con-gli-azionisti.pdf.

graph 6 above, the Company guarantees constant interaction with Interested Parties also through dialogue with the Board of Directors, which may be activated upon written request of an Interested Party, if the latter deems it necessary, or upon the Company's initiative, through the organization of meetings, in one-way or two-way mode and in collective or bilateral form, with one or more Interested Parties, which may also be attended by one or more Directors and/or managers of the Company in the cases and according to the procedures established by the Engagement Policy, with the support of the competent corporate functions.

In order to decide whether to accept or reject a request for dialogue received, or whether to initiate a dialogue, as well as to establish the relevant procedures, the Chief Executive Officer shall proceed to a case-by-case assessment, according to the best interests of the Company and taking into account certain factors identified, by way of example but not limited to, in the Engagement Policy.

In case the request for dialogue or for starting a dialogue is granted, the Chief Executive Officer, with the support of the Investor Relator and the Secretary *(i)* defines the specific procedures for conducting the dialogue; *(ii)* ensures adequate preparation of the meetings with Interested Parties; *(iii)* may adopt the most appropriate measures for guaranteeing the confidentiality of sensitive information; *(iv)* on the basis of the procedures for conducting the meeting, the topics to be discussed and/or the requests received from Interested Parties, may invite to participate in the dialogue with Interested Parties the Chair, the other Directors and the managers of the Company who have the most suitable knowledge and skills to provide information relevant to the dialogue.

The ESG Committee has the task of periodically verifying the correct application of the Engagement Policy and the adequacy of the related provisions in the light of the evolution of best practices on the subject at national and international level, as well as the applicable legal provisions and the provisions of the Corporate Governance Code, submitting to the Board of Directors, in agreement with the Chair, any proposals for amendment or integration.

6.2 Engagement activities carried out

Also in 2021, an *engagement* activity was carried out before the Shareholders' Meeting with the main *proxy advisers*, aimed at a productive discussion on *corporate governance* issues, but also on environmental and social aspects.

Dialogue with institutional investors continued, albeit in digital form, during 2021:

- 7 road shows aimed at meeting shareholders and institutional investors, in the major European and North American financial centres;
- 17 sector conferences dedicated to investors specialised in the utilities and infrastructure sector;
- About 240 ESG investors were met;
- First ESG webinar for socially responsible investors.

Every year, before the Shareholders' Meeting, "The Snam Shareholder" guide, an additional engagement tool with investors, is published on Snam's website⁷⁰, which provides an in-depth look at the structure of the Group, its history, performance, strategic guidelines and the characteristics of the share on the stock market.

Snam also views favourably the initiatives for the development of principles aimed at managers, investors and their advisers concerning the transparency of voting policies and the management of conflicts of interest (so-called "stewardship code") such as the principles set out in the stewardship code published by Asso-gestioni, which reproduces the principles contained in the EFAMA (European Fund and Asset Management Association) Code, drawn up at the European level. These principles promote, in particular, the adoption and application of a policy on the exercise of rights relating to the instruments held in the portfolio, as well as the responsible management of ongoing dialogue with participating issuers, ensuring the adequacy and accuracy of any dialogue with its corporate bodies.

70 The document is available at the following link: https://www.snam.it/export/sites/snam-rp/repository/file/investor_relations/aggiornamenti_azionisti/azionista_snam/Azionista_snam_aprile_2021.pdf

7. CONSIDERATIONS REGARDING THE 2022 RECOMMENDATIONS OF THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee has identified certain areas in which it has called on listed companies to comply more closely with the provisions of the Corporate Governance Code (the “**2022 Corporate Governance Recommendations**”). Specifically, the Corporate Governance Committee invites the boards of directors:

- a) to provide adequate and concise information in the Report on Corporate Governance on the procedures adopted to pursue sustainable success and on the approach adopted in promoting dialogue with relevant stakeholders, providing concise information on the content of the policy for dialogue with the generality of shareholders, without prejudice to the convenience of publishing it in full, or at least its essential elements, on the Company’s website;
- b) in relation to the application of the so-called “principle of proportionality” – which allows for a differentiated application of the recommendations of the new Corporate Governance Code –, to evaluate the classification of the company with respect to the categories of the Code and the simplification options available for “non-large” and/or “concentrated” companies, and to adequately explain the choices made;
- c) in relation to the verification of the independence of the members of corporate bodies, to provide in the Report on Corporate Governance the criteria used to assess the significance of professional, commercial or financial relationships and additional remuneration, including with reference to the Chair of the Board of Directors, if the latter has been assessed as independent under the Corporate Governance Code;
- d) in relation to information before board meetings, to handle the drafting of the board and committee regulations, paying particular attention to the explicit determination of the terms deemed appropriate for making documents available and the exclusion of generic confidentiality requirements as possible exemptions to the observance of such terms, also illustrating adequately the actual observance of the abovementioned notice term and, where in exceptional cases it has not been possible to comply with that term, explaining the reasons and illustrating how adequate in-depth analyses have been provided at the meeting;
- e) in relation to the appointment and succession of directors of companies with non-concentrated ownership, to adequately consider the recommendations made to them with respect to the renewal of the board of directors, and therefore:
 - (i) to express their guideline in view of the renewal of the Board on its optimal composition, in light of the results of the self-assessment;
 - (ii) to request those who submit a slate containing a number of candidates exceeding half of the members to be elected to provide adequate information (in the documentation submitted for filing the slate) on the compliance of the slate itself with the guideline expressed by the outgoing board and to indicate their candidate for the office of Chair;
- f) with respect to gender equality, to ensure adequate information in the Report on Corporate Governance on the concrete identification and application of such measures;
- g) with regard to remuneration policies, (i) to improve the policies in defining clear and measurable rules for the payment of the variable component and any severance pay; (ii) to adequately consider the consistency of the parameters identified for variable remuneration with the strategic objectives of the business activity and the pursuit of sustainable success, asses-

sing, where appropriate, the provision of non-financial parameters; (iii) in case of remuneration parameters linked to the achievement of environmental and social objectives, to ensure that such parameters are predetermined and measurable.

The 2022 Corporate Governance Recommendations are a useful tool to align companies' corporate governance structures with national and international best practice. Snam, on the proposal of the ESG Committee, submitted these Recommendations to the Board of Directors at its meeting of 16 March 2022.

Snam believes that for some time it has aligned with the Recommendations expressed by the Corporate Governance Committee, as detailed below. In particular:

- a) the Report illustrates:
 - i) how the Company – and, on its behalf, the Board of Directors of Snam – pursues sustainable success as the aim to which its business activities must conform, through the creation of long-term value for the benefit of shareholders and promoting, at the same time, the satisfaction of the interests of the Company's relevant stakeholders, also highlighting the amendments to the Articles of Association aimed at considering sustainable success in Snam's Articles of Association, in order to recognize the Company's commitment to encouraging the energy transition towards forms of resources and energy sources use that are compatible with environmental protection and progressive decarbonization;
 - ii) the ways in which it intends to pursue the objective of promoting the creation of value in the long term through the integration of sustainability in corporate strategies (Section I of the Report), in remuneration policies (Pa-

graph 2.15, Section III of the Report, by means of reference to the Remuneration Report) and in the internal control and risk management system (Section IV of the Report), as well as in the corporate governance measures adopted (Section III of the Report);

- iii) in Paragraph 6, Section III of the Report, the contents of the Company's engagement policy for managing dialogue with the Shareholders and other stakeholders, approved by Snam's Board of Directors on 29 July 2021, and fully published on the Company's website;

- b) in view of the fact that Snam – having a capitalisation of more than 1 billion euro on the last trading day of the preceding three calendar years, and since there are no parties holding a majority of the votes that can be exercised at the ordinary shareholders' meeting – qualifies as a "large" company with "non-concentrated" ownership, there are no simplification options available to the Company;
- c) on 14 December 2021, the Board of Directors of the Company, with the prior opinion of the Appointments Committee expressed in the meeting held on the same date, approved the criteria for assessing the significance of commercial, financial or professional relationships and any additional remuneration of its directors and statutory auditors pursuant to Recommendation no. 7, letters c) and d), and Recommendation no. 9 of the Corporate Governance Code, also applicable to the Chair of the Board of Directors. These criteria are described in full in Paragraph 2.11, Section III, of this Report, which also describes the verifications of independence carried out by the Board of Directors on its members, including the Chair of the Board of Directors; Paragraph 4.1, Section III, of the Report describes the

independence check carried out by the Board of Statutory Auditors;

- d) Snam adopts the necessary safeguards to ensure effective compliance with rules on pre-meeting reporting, which are acknowledged to be timely, complete and useful in both the Board Evaluation (as described in Paragraph 2.13, Section III, of the Report) and the provisions of the Regulation on the functioning of the Board of Directors (as described in Paragraph 2.5, Section III, of the Report) and the Committees. In particular, the Board Evaluation at the end of the three-year period confirmed the accessibility of documentation through a dedicated portal that makes presentations, press reviews and all information material relating to Board and Committee meetings accessible. The portal has an archive that allows access to historical information. Each member of the Board has been provided with an iPad to make it easier to connect and to ensure the confidentiality of information. The Board has invested heavily in timing for sending documentation since the beginning of its term of office. The documentation prepared by the structures and the information in general has been sent with a level of accuracy that is appreciated and usually in line with the Regulation. Where material was sent close to the meetings, this was due to the extraordinary nature of certain situations and/or the short time between one meeting and another; in any case, the issue was the subject of wide discussion and in-depth analysis during the meeting;
- e) in line with the practice that has long been followed for previous renewals of Snam's Board of Directors, also at the Shareholders' Meeting of 27 April 2022, the Company's Board of Directors, in view of its renewal, expressed – by publication on the Company's website with adequate advance notice before the publication of the notice of call – a guideline on its optimal quantitative and qualitative composition, taking into account the results of the self-assessment. In these guidelines, as well as in the notice of call and in the explanatory report on the agenda relating to the renewal of the Board of Directors, the Company requires those who submit a slate containing a number of candidates exceeding half of the members to be elected to provide adequate information, in the documentation submitted for filing the slate, on the compliance of the slate with the guideline expressed by the Board of Directors, also with reference to the diversity criteria, and to indicate their candidate for the office of Chair of the Board of Directors;
- f) the Report, in Paragraph 2.3, Section III, fully illustrates the policy adopted by Snam on diversity in the composition of the Company's administrative, management and control bodies with regard, among other things, to age and gender, as well as the corporate policy on diversity and inclusion, promoted by the ESG Committee and aimed at spreading a culture of equal opportunities among employees and collaborators. In addition, in a specific sub-paragraph, the Report specifically illustrates the procedures for enhancing gender diversity, both in the composition of corporate bodies and within employees;
- g) in the remuneration policy adopted by Snam, particular importance is given to the variable component connected with the results achieved, through incentive systems aiming at the achievement of economic/financial, business development and operational objectives, defined to contribute to the corporate strategy, the pursuit of long-term interest and the sustainability of the Company.

Since 2020 the following changes have been introduced, taking into account the increasing level of challenges for Snam and the sustainable development:

- Short-term variable incentive: the increase in the weight of sustainability objectives (ESG) in the Annual Monetary Incentive and the adoption of objectively measurable quantitative KPIs (Project Milestones) with reference to the objective referring to the development of new businesses;
- Variable long-term incentive: the increase in the weight of sustainability (ESG) objectives in the Long Term Equity Plan enriching the ESG component with an indicator focused on gender diversity, in addition to the KPI already used, related to the reduction of natural gas emissions, as well as the introduction of a synthetic indicator of value creation (Added Value) in the scorecard of the ILT 2020-2022 plan, to maximize the alignment between the interests of management and those of shareholders in the long term.

Although Snam has already intervened in the areas indicated by the Corporate Governance Committee and has therefore found substantial alignment with those recommendations, it will evaluate whether to adopt additional measures useful for the continuous improvement of the Company's corporate governance.

SECTION IV SNAM'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

106 1. THE STRUCTURE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND THE PARTIES INVOLVED

- 106 1.1 Foreword
- 107 1.2 The corporate bodies, entities and functions involved
- 112 1.3 Coordination between the parties involved in the ICRMS
- 113 A) Information flows within the scope of the ICRMS
- 115 B) Information flows between the boards of statutory auditors of the Snam Group

116 2. SNAM'S LEGAL FRAMEWORK

117 3. COMPLIANCE AT SNAM

- 117 3.1 Compliance Programme for the Prevention of Offences
- 119 3.2 The Risk Assurance & Integrated Compliance Model
- 121 3.3 The 231 Model
- 123 3.4 Enterprise Risk Management Model
- 125 3.5 Integrating ESG aspects into Snam's ERM model
- 126 3.6 Anti-Corruption Compliance Programme
- 128 3.7 Antitrust Compliance Programme
- 129 3.8 Privacy Compliance Programme
- 130 3.9 Whistleblowing
- 131 3.10 Health, Safety, Environment and Public Safety
- 131 3.11 Key features of the internal control and risk management system in relation to corporate reporting
- 133 3.12 Snam Group Tax Strategy and Tax Cooperative Compliance
- 134 3.13 Related Parties Guidelines
- 135 3.14 Market Abuse Guidelines

1. THE STRUCTURE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND THE PARTIES INVOLVED

1.1 Foreword

The Internal Control and Risk Management System comprises all the guidelines, rules and organisational structures that enable identification, measurement, management and monitoring of key risks.

Snam has adopted and undertakes to promote and maintain an adequate Internal Control and Risk Management System (“ICRMS”).

The ICRMS is part of the organisational, administrative and accounting structure and, more generally, Snam’s corporate governance structure, and is based on the Corporate Governance Code to which Snam adheres, taking national and international models and best practice as a reference.

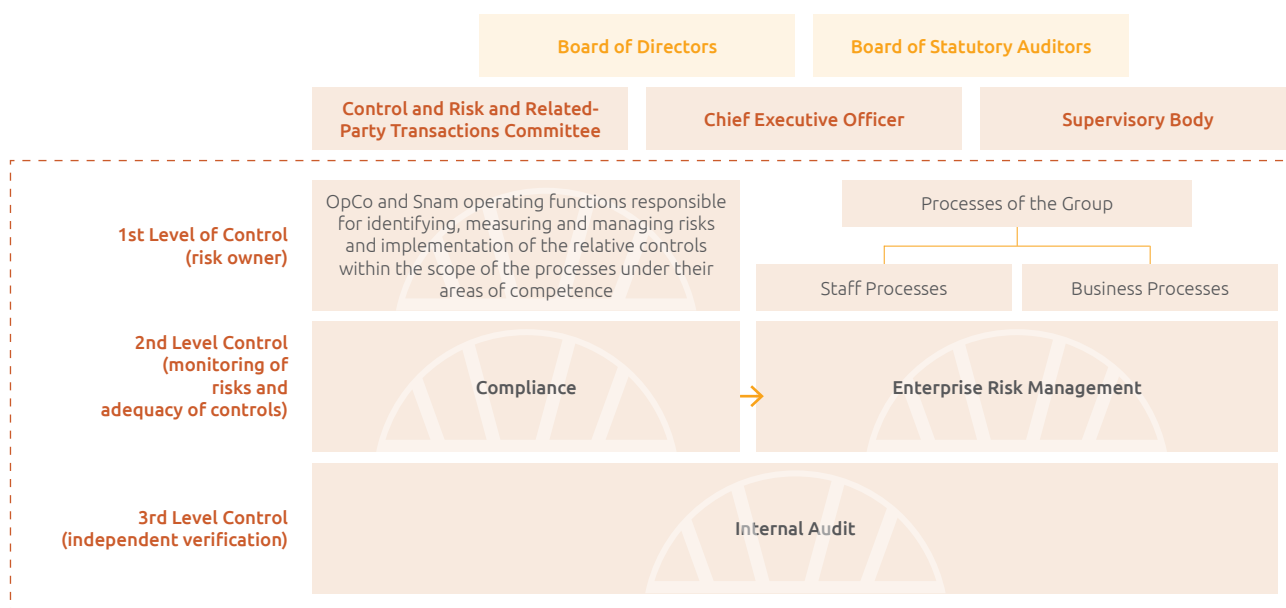
The Code of Ethics⁷¹ sets out the guiding principles on which the ICRMS is based, such as:

- a) the separation of activities between persons responsible for authorisation, executive or control procedures;

- b) the existence of company regulations that can provide general benchmark principles for governing corporate processes and activities;
- c) the existence of formal rules for the exercise of signing authority and internal powers of authorisation; and
- d) traceability (through the adoption of information systems that can identify and reconstruct sources, information and checks carried out in support of the formation and implementation of the Company’s decisions and procedures for managing financial resources).

The ICRMS is audited and updated over time to ensure that it is always appropriate and to oversee the main areas of corporate risk. In this context, and also to execute the provisions of the Corporate Governance Code, Snam has adopted the Enterprise Risk Management Model⁷².

(i) Control levels



71 For more information on the Code of Ethics, see Section I, Paragraph 6 of this Report.

72 For more information on the Enterprise Risk Management Model, see Section IV, Paragraph 3.3, of this Report.

Level One:	<p>Identification, evaluation and monitoring of risks relating to the individual Group processes.</p> <p>The Snam Group functions that 'own' the individual risks, and are responsible for identifying, measuring and managing them and for implementing the necessary controls within the processes within their purview, are located at this level.</p>
Level Two:	<p>Monitoring of the main risks to ensure that they are effectively and efficiently managed and processed, and monitoring of the adequacy and functioning of the controls put in place to protect against these risks; support for Level One in defining and implementing adequate management systems for the main risks and related controls.</p> <p>This level contains Group personnel tasked with coordinating and managing the main control systems (e.g. corporate administrative liability, corporate disclosure, anti-corruption, anti-trust).</p>
Level Three:	<p>Independent and objective verification of the operating effectiveness and adequacy of Levels One and Two and, in general, of the overall risk management methods. The Internal Audit operates on the basis of the Guidelines.</p>

1.2 The corporate bodies, entities and functions involved

The ICRMS is an integrated system that involves the entire organisational structure: both the corporate bodies and the company structures are required to contribute to its operation, in a coordinated manner, according to the diagram set out below, to ensure that the main risks for the Company and its Subsidiaries are correctly identified and adequately measured, managed and monitored in line with the strategic objectives identified.

(i) The Board of Directors

Duties performed within the scope of the ICRMS

- As part of the preparation of the Snam Group's Strategic Plan, the ICRMS defines the nature and level of risk consistent with Snam's strategic objectives – based on risk mapping carried out as part of the ERM Model – including in its assessments all risks that might be significant in terms of the medium/long-term sustainability of Snam's activity

- Defines the ICRMS guidelines as part of the preparation of the Snam Group Strategic Plan

- Assesses, at least once a year (following consultation with the Control and Risk and Related-Party Transactions Committee), the adequacy of the ICRMS with respect to the characteristics of the Company and the Group, and the risk profile assumed

Relating to 2021, on 17 March 2021 the Board of Directors assessed, based on the preliminary activity carried out by the Control and Risk and Related-Party Transactions Committee, the adequacy and effectiveness of the ICRMS

- Approves, on at least an annual basis, the Audit Schedule prepared by the Head of Internal Audit, following consultation with the Control and Risk and Related-Party Transactions Committee and the Chair of the Board of Directors, the Director in charge of the internal control and risk management system and the Board of Statutory Auditors

The Audit Schedule for 2021 was approved at the meeting of 17 March 2021.

- Assesses the adequacy of the ICRMS in relation to the characteristics of the company and the risk profile assumed, as well as its effectiveness

On 17 March 2021 and on 16 March 2022, the Board of Directors assessed the organisational, administrative and accounting structure appropriate to the current size and type of business of Snam and its Subsidiaries, as produced by the administrative and organisational structures headed by the Chief Executive Officer, after presentation to the Control and Risk and Related-Party Transactions Committee and the Board of Statutory Auditors

For further details on the remit for resolutions of the Board of Directors, see Section III, Paragraph 2.1 of this Report.

(ii) Director in charge

Pursuant to the Company's governance rules, Snam's CEO performs the role of Director in charge of the internal control and risk management system.

Duties performed within the scope of the ICRMS

- The Director is responsible for identifying the main corporate risks, in view of the characteristics of the activities performed by Snam and the Subsidiaries, and taking them into account in the definition of the 2019-2022 Strategic Plan approved by the Board of Directors
- He is responsible for planning, creating and managing the ICRMS, and checking its adequacy and effectiveness on an ongoing basis
- He adjusts the ICRMS to the dynamics of the operating conditions and the legislative and regulatory framework
- He has the power to request that the Head of Internal Audit perform checks on specific operational areas and on compliance with internal rules in the execution of corporate transactions, informing the Chair of the Board of Directors, the Chair of the Control and Risk and Related Transactions Committee and the Chair of the Board of Statutory Auditors of this request
- He provides prompt information, including through his structures, to the Control and Risk and Related-Party Transactions Committee on problems and issues arising during the course of his activities or of which he had been made aware

(iii) The Control and Risk and Related-Party Transactions Committee

The Control and Risk and Related-Party Transactions Committee is responsible for making appropriate enquiries to support assessments and decisions made by the Board of Directors concerning the ICRMS, as well as those relating to the approval of financial reports.

For a more detailed description of the duties of the Control and Risk and Related-Party Transactions Committee, see Annex 6 to this Report.

(iv) Board of Statutory Auditors

In its capacity as the Internal Control and Audit Committee pursuant to Legislative Decree No. 39 of 2010, the Board of Statutory Auditors oversees the effectiveness of the ICRMS.

For more information on the main duties performed by the Board of Statutory Auditors, see Annex 7 to this Report.

(v) Supervisory Body and Code of Ethics Supervisor

The Supervisory Body currently comprises three members external to the Company and the Group, one of whom acts as Chair, who are experts in legal and corporate matters, econo-

mics and corporate organisation. The presence of only external members is also intended to ensure adequate separation of duties and also to ensure that persons with specific areas of expertise are present within the Supervisory Body, so that the tasks assigned to such body can be performed effectively.

At its meeting of 2 October 2019, the Board of Directors appointed the new members of the Supervisory Body and Code of Ethics Supervisor, as described in the table below.

MEMBER	POSITION
Franco Gallo	External member (Chair)
Désirée Fondaroli	External member
Silvano Corbella	External member

The Supervisory Body:

- oversees the effectiveness of the 231 Model and monitors how it is implemented and updated;
- examines the 231 Model's adequacy in terms of preventing unlawful conducts;
- manages, within its competence, the relevant information flows with the various corporate functions and the Supervisory Bodies of the Subsidiaries; and
- acts as the Code of Ethics Supervisor.

The Supervisory Body has unlimited access to corporate information necessary for investigation, analysis and control activities. Any corporate department, employee and/or member of corporate bodies is subject to a disclosure obligation of all the information relevant to the performance of the activities falling within the remit of the Supervisory Body, in the event of any request by the Supervisory Body, as well as in case of the occurrence of specific events or circumstances.

If any critical aspects arise in execution of its assigned tasks, the Supervisory Body notifies the outcome of its activities, according to the methods and time-scales described in greater detail in Paragraph 1.3, letter A) of this Section.

In 2021, the Supervisory Body met 13 times, with close to 100% attendance.

(vi) Financial Reporting Officer

The Financial Reporting Officer prepares appropriate administrative and accounting procedures for the drafting of the individual financial statements and, where applicable, the consolidated financial statements, as well as all other financial communications

The Board of Directors of 27 March 2020 appointed (effective from 1 April 2020) Mr Luca Oglialoro as “Financial Reporting Officer” pursuant to Article 154-*bis* of Consolidated Financial Act.

The Financial Reporting Officer is selected from personnel who are not members of the administrative or control bodies or holders of senior management positions at Eni S.p.A. and its subsidiaries, and who do not have any direct or indirect professional or financial relationship with said companies.⁷³ Pursuant to Article 16 of the Articles of Association, the Financial Reporting Officer must have spent at least three years performing one of the following activities:

- a) administration, control or management activities in a company listed on regulated markets in Italy, other EU Member States or

- other OECD countries with share capital of no less than 2 million euros;
- b) external audit activities in the companies mentioned under point a) above;
- c) professional or university teaching in finance or accounting;
- d) managerial functions in public or private entities with financial, accounting or control responsibilities.

The Board of Directors annually verifies that, based on the declaration made by the Financial Reporting Officer, there are no grounds for the latter’s incompatibility pursuant to the Articles of Association and that the Financial Reporting Officer meets the integrity requirements established under the applicable law.

The Board of Directors performs an annual check on the adequacy of the powers and means available to the Financial Reporting Officer pursuant to the applicable law for the fulfilment of the duties assigned, as well as a half-yearly check on compliance with existing administrative and accounting procedures.

These checks were carried out, with regard to 2021, respectively on 17 March 2021 and on 29 July 2021.

(vii) Head of Internal Audit

The Internal Audit function is centralised in Snam. Its scope of operation covers Snam itself, the Subsidiaries within the meaning of Article 93 of TUF, and joint ventures/equity investments held jointly with other partners in accordance with the express provisions contained in agreements between the parties.

The role, duties and responsibilities of Internal Audit are defined and formalised by the Board of Directors in the “*Internal Audit Guidelines*” (“**Guidelines**”).

Snam’s Board of Directors, on the recommendation of the Director in charge of the internal control and risk management system and in agreement with the Chair of Snam’s Board of Directors, having received the approval of the Control and Risk and Related-Party Transactions Committee and following consultation with the Board of Statutory Auditors, appoints the Head of Internal Audit for an

⁷³ In accordance with the DPCM 25 May 2012, as amended by the DPCM 15 November 2019.

indefinite term and may revoke this appointment at any time⁷⁴. The Board of Directors evaluates, at least once during the term of office determined by the Shareholders' Meeting, the reappointment of the Head of Internal Audit, also according to rotation criteria, and, where appropriate, proposes revocation following consultation with the Board of Statutory Auditors.

The Head of Internal Audit carries out auditing activities entirely independently, in accordance with instructions from the Board of Directors. Since 14 May 2019, following a resolution of Snam's Board of Directors, the Chair of the Board of Directors, on behalf of the Board of Directors, coordinated and ordered the Head of Internal Audit to perform the activities falling within the purview of the Internal Audit function, which reports to the Board of Directors. Furthermore, Snam's Board of Statutory Auditors and the Control and Risk and Related-Party Transactions Committee receive and periodically collect from Internal Audit significant information on the controls performed and any weaknesses, problems or anomalies encountered.

Internal Audit activities are performed while maintaining the necessary independence and autonomy, and due objectivity, competence and professional diligence, as provided in the Internal Audit mission statement and in the mandatory guidance of the Institute of Internal Auditors⁷⁵, and in compliance with the principles laid down in the Code of Ethics⁷⁶.

As part of the process of approving the Audit Schedule, once per year the Board of Directors approves the budget required for the Internal Audit function to fulfil its duties. The Internal Audit Guidelines provide that the Head of Internal Audit shall have autonomous powers of expenditure to carry out the activities of ascertaining, analysing and assessing the internal control and risk management system and/or the activities related thereto. The Head of

Internal Audit, in the event of exceptional and urgent situations requiring the availability of resources in excess of the budget, may propose the approval of an extra Internal Audit budget for the performance of his/her duties, subject to the approval of the Control and Risk and Related-Party Transactions Committee.

The Director in charge of the internal control and risk management system has the power to request that the Head of Internal Audit perform checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions, informing the Chair of the Board of Directors, the Chair of the Control and Risk and Related Transactions Committee and the Chair of the Board of Statutory Auditors of said request.

The fixed and variable remuneration of the Head of Internal Audit is approved by the Board of Directors, on the proposal of the Director in charge of the internal control and risk management system, in agreement with the Chair of the Board of Directors, in line with corporate policies and following the approval of the Control and Risk and Related-Party Transactions Committee and following consultation with the Board of Statutory Auditors. The proposal is also subject to examination by the Remuneration Committee.

On 18 March 2020, Snam's Board of Directors⁷⁷, following consultation with the Control and Risk and Related-Party Transactions Committee and the Board of Statutory Auditors, on the recommendation of the Director in charge of the internal control and risk management system and with the agreement of the Chair of the Board of Administration appointed Mr Franco Pruzzi with effect from 1 April 2020 as the new Head of Internal Audit.

The appointment of Mr Franco Pruzzi as Head of Internal Audit is open-ended and may be revoked by the Board of Directors.

74 Pursuant to application criterion 7.C.5, letter b) of the Corporate Governance Code, the Board of Directors has used its exclusive power to issue instructions to the Head of Internal Audit.

75 The International standards for the professional practice of Internal Audit are available at the following address: http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/IOS/temp/IPPF_Standards%20ENG.pdf.

76 In this regard, see Section IV, Paragraph 1, of the present Report.

77 In accordance with the Guidelines, the candidate's profile and the necessary requirements of integrity, professionalism, competence, autonomy and experience are assessed, as well as any grounds for incompatibility, including in terms of conflict of interests, with previous activities or positions held at the Company and/or its Subsidiaries. The Control and Risk and Related-Party Transactions Committee verifies annually the maintenance of these characteristics.

Duties performed within the scope of the ICRMS

- He verifies, both on a continual basis and in relation to specific requirements, in compliance with international standards, the functioning and suitability of the ICRMS via an Audit Schedule, approved by the Board of Directors, based on a structured process of analysing and prioritising key risks
- He is not responsible for, and does not have authority over, the processes subject to control, and has direct access to all information that is useful for carrying out his duties
- He produces periodic reports containing adequate information on his activity, the way in which risk management is conducted and compliance with the plans established to contain risk, including an assessment of the suitability of the ICRMS, and forwards them to the Chair of the Board of Statutory Auditors, the Chair of the Control and Risk and Related-Party Transactions Committee, the Chair of the Board of Directors and the Director in charge of the internal control and risk management system
- He promptly produces reports on events of particular significance and sends them to the Chair of the Board of Statutory Auditors, the Chair of the Control and Risk and Related-Party Transactions Committee, the Chair of the Board of Directors and the Director in charge of the internal control and risk management system
- He verifies, in the context of the Audit Schedule, the reliability of the IT systems used, including the accounting systems
- He activates other audit measures not included in the Audit Schedule (so-called 'spot audits'), also in response to requests from: (i) the Board of Directors; (ii) the Control and Risk and Related-Party Transactions Committee and the Board of Statutory Auditors, with reciprocal communications; (iii) the Chair of the Board of Directors and the Director in charge of the internal control and risk management system, ensuring communication to the Control and Risk and Related-Party Transactions Committee and the Board of Statutory Auditors; and (iv) the Supervisory Body. The Head of Internal Audit also assesses the activation of audits following notifications, including anonymous notifications, in accordance with the tool

Main activities in 2021

In 2021, the Internal Audit function performed its scheduled activities as expected. Specifically, these consisted of:

- (i) drawing up the draft Audit Schedule based on an identification and prioritisation of the main risks facing the Company by the ERM unit and taking into account the updating of the reference "audit universe", also in order to consider the organizational changes that took place in 2021, in particular for Snam, and to include the new processes resulting from the acquisitions of the companies in relation to the new businesses. The Plan provides for the coverage of the audit universe over a multi-year horizon and, in particular, a three-year assessment of the Group's Operations processes;
 - (ii) executing the Audit Schedule, comprising 14 actions, approved by Snam's Board of Directors on 17 March 2021 following the approval of the Control and Risk and Related-Party Transactions Committee;
 - (iii) performing four additional audits not included in the schedule (i.e. spot audits);
 - (iv) notifications, anonymous or otherwise, of problems relating to the internal control and risk management system, to the administrative liability of the Company, to irregularities or to fraud (*whistleblowing*);
 - (v) monitoring (follow up) the corrective actions as a result of the findings of the audit and the management of reports;
 - (vi) performing the independent monitoring plan drawn up with the Financial Reporting Officer as part of Snam's Corporate Reporting Control System;
 - (vii) related activities to (a) relations with the External Auditors, (b) overseeing the process of the assignment and management of additional mandates by the Snam Group companies and the relevant rules and regulations;
 - (viii) the use and full operation of the IT tool for the management of audit activities, from the planning phase to follow-up corrective actions;
 - (ix) the completion of the external assessment of compliance with international standards for the professional practice of Internal Auditing (so-called External Quality Review) to be carried out at least once every five years by an independent party
- The activities were carried out with the support of the IT tool for the management of au-

dit activities, from the planning phase to the follow-up of corrective actions.

(viii) Functions with specific control tasks

The ICRMS clearly positions the corporate functions within the three levels of internal control.

In line with an evolutionary process designed to constantly improve the efficiency and effectiveness of the ICRMS and its enhanced integration, in addition to the functions described above, the following organisational structures play an important and coordinated role in identifying, measuring and monitoring risks associated with management of the Company's business through continuous information flows, as part of their own operational responsibilities.

Specifically:

- the Legal function, through the Compliance, Business Integrity & ERM function: (i) ensures the dissemination and promotion of a culture of compliance and the simplification/rationalisation of models for compliance and the system of related rules and procedures, quantifying the real risk in the specific areas in line with best practice and monitoring their application; (ii) provides the necessary legal advice and assistance on compliance to the business units; (iii) follows Italian and foreign regulatory and case law developments (regulatory oversight), monitoring and analysing possible impacts on Snam's business and supporting Snam's business units in the application of regulations; (iv) is responsible for updating the internal control and risk management system and the 231 Model with privacy and data protection themes; (v) is responsible for the design, proposal and definition of the compliance programme for the prevention of offences and monitors regulatory developments and best practices; (vi) disseminates and promotes a business ethics culture and supervises the updating of Snam's Code of Ethics; (vii) updates the anti-corruption compliance programme, overseeing the implementation and monitoring of corporate regulatory and training tools to prevent criminal infiltration; (viii) supervises reputational checks on all the third parties (suppliers and subcontractors) and supports the activities of the multifun-

ctional Team for "reputational" aspects; (ix) carries out anti-corruption due diligence on other Business Associates and (x) manages relations with international institutions and bodies such as Transparency International – Italian Chapter, the OECD, the WEF, the Ministry of Foreign Affairs and International Cooperation and the B20 Presidency.

- the Administration, Budget, Planning and Control Function, through the *Internal Control System Function on Corporate Reporting* in support of the Executive in Charge: (i) defines the Corporate Reporting Control System model, the relevant methodologies, operating methods and tools; (ii) guarantees the related risk assessment activities; (iii) ensures the management of information flows, control assessments and reporting, and preparing reports and information on the state of the system for the Chief Executive Officer, the Financial Reporting Officer, the control bodies, Internal Audit and the External Auditors; and (iv) provides methodological and operational support to the functions involved in implementing the CRCS.

1.3 Coordination between the parties involved in the ICRMS

The corporate procedures adopted by Snam in the context of its ICRMS and its corporate reporting control system ("CRCS") ensure adequate coordination of all parties involved.

In particular, the information flows that ensure coordination between the parties involved in the ICRMS and the Board of Directors is ensured by:

- (i) the review by the Board of Directors of the opinions and reports prepared by persons involved in the ICRMS;
- (ii) the information provided to the Board of Directors and the Board of Statutory Auditors by the Chair of the Control and Risk and Related-Party Transactions Committee and the presence of the Board of Statutory Auditors at meetings of the Board of Directors; and
- (iii) participation at the meetings of the Board of Directors and the Control and Risk and Related-Party Transactions Committee, for matters within their respective remits, of

the managers of the control functions and the Financial Reporting Officer.

management (CEO, Control and Risk and Related-Party Transactions Committee, Board of Statutory Auditors).

A) Information flows within the scope of the ICRMS

The Control and Risk and Related-Party Transactions Committee and the Board of Statutory Auditors of Snam - periodically or where particular requirements exist - receive information flows from Internal Audit, the Company's other control functions (i.e. Enterprise Risk Management and Compliance), the Supervisory Body, the External Auditors and the Financial Reporting Officer. When the information is obtained, they meet to assess the results.

In particular, the Control and Risk and Related-Party Transactions Committee and the Board of Statutory Auditors receive from the Financial Reporting Officer a half-year report and an annual report on the assessment of the CRCS and on compliance with the administrative and accounting procedures and an annual report on the organisational, administrative and accounting structure of the Snam Group.

In addition, the Board of Statutory Auditors of Snam, in its capacity as "*Internal Control and Audit Committee*" pursuant to Legislative Decree No. 39/2010, receives from the Auditing Company the information flows necessary to carry out its duties as provided for by the applicable *pro tempore* regulations.

In addition, and at the same time as the other company bodies, the Chief Executive Officer, as the Director in charge of the internal control and risk management system, receives from the Financial Reporting Officer and from the Head of Internal Audit periodic information flows or information on events of particular importance; in turn, he/she reports promptly to the Control and Risk and Related-Party Transactions Committee and/or to the Board of Directors, at the next convenient meeting, on issues and problems relating to the ICRMS.

In addition, provision is made for information flows from management to the Supervisory Body and information flows (continuous, half-yearly or immediate in the case of particular situations and/or requirements) from the Supervisory Body to the Company's senior

Specifically, Snam's Supervisory Body provides the following information flows to the Company's senior management:

- ongoing, to the CEO, who reports to the Board of Directors when reporting on the performance of his duties;
- half-yearly, to the Control and Risk and Related-Party Transactions Committee and the Board of Statutory Auditors. To this end, a half-yearly report is produced on activities performed, noting the outcome of controls and any legislative developments relating to the administrative liability of entities. On this occasion, specific meetings are organised with the Control and Risk and Related-Party Transactions Committee and the Board of Statutory Auditors. The half-yearly report is also sent to the Chair and the CEO, and the Board of Directors is informed of its contents;
- immediate, in the case of ascertained facts of special importance and significance, to the Control and Risk and Related-Party Transactions Committee and the Board of Statutory Auditors, after informing the Chair and the CEO.

The Financial Reporting Officer, following consultation with the External Auditors and the Board of Statutory Auditors, assesses, with the Control and Risk and Related-Party Transactions Committee, the correct application of the accounting standards and their homogeneity for the purposes of the consolidated financial statements. In view of the specific duties assigned to the Financial Reporting Officer as part of the CRCS, the CFO receives information flows from other persons, bodies and functions within the Company and the Subsidiaries.

The Internal Audit function receives and provides information on the ICRMS, pursuant to the Internal Audit Guidelines adopted by Snam.

Specifically:

- it obtains information and assessments from the Boards of Directors, Boards of Statutory Auditors and Supervisory Bodies of Snam and the Subsidiaries, for the purposes of formulating the proposed Audit

- Schedule for subsequent approval by the Board of Directors;
- it sends Internal Audit reports on every audit intervention performed to the Chair of the Board of Directors, the Director in charge of the internal control and risk management system, the top management of the audited structures, the Control and Risk and Related-Party Transactions Committee, the Board of Statutory Auditors, and, for matters within their competence, the Supervisory Body and the Financial Reporting Officer. For audit interventions on Subsidiaries, the reports are also sent to the Chair of the Board of Directors, the CEO, the Board of Statutory Auditors and the Supervisory Body of the companies concerned, subject to any exceptions for Internal Audit interventions on joint ventures with other partners or similar agreements to be evaluated from time to time;
 - if the results show alleged unlawful conduct on the part of Snam's staff or third parties, including – among others – suppliers, the Head of Internal Audit also forwards the audit report to the EVP Human Resources, Organisation & PFM and the General Counsel, for matters within their respective purviews;
 - it provides a systematic, periodical quarterly information flow to the supervisory bodies of Snam and the Subsidiaries with summary assessments of audits carried out and the state of implementation of the corrective actions;
 - it drafts a six-monthly report containing adequate information on its own activities and on the company's risk management process, and on compliance with plans for risk mitigation. In particular, this report sent to the Director in charge of the internal control and risk management system, the Chair of Snam's Board of Directors, the Control and Risk and Related-Party Transactions Committee, Snam's Board of Statutory Auditors and the Financial Reporting Officer, contains the following information: (i) the state of progress of the measures envisaged in the Audit Schedule, with evidence of any spot audits carried out in the period, (ii) a summary of the main internal control issues emerging from the audit activities, (iii) a summary of the results of the monitoring of corrective actions and the evolution of

- the related summary assessments of the internal control system, (iv) the adequacy of the resources committed, (v) any other information and certifications, and (vi) an assessment of the suitability of the internal control and risk management system;
- with specific regard to the CRCS, notifies the managers of the functions involved of the results of the independent monitoring activity performed;
- fulfils the disclosure obligations provided in the "Guidelines for notifications, including anonymous notifications" and, in particular, prepares a quarterly report on notifications, shared by the Ombudsman, which is sent by the Head of Internal Audit to the Supervisory Body, and for information to the Chair of the Board of Directors, the Director in charge of the internal control and risk management system, the Board of Statutory Auditors, the Control and Risk and Related-Party Transactions Committee, the External Auditors, the General Counsel, the CFO and the Financial Reporting Officer and, lastly, the EVP Human Resources, Organisation & PFM. With reference to notifications relating to the Subsidiaries, the reports, insofar as they are relevant, are sent to the Chief Executive Officers of each Subsidiary concerned, as well as to the related Control and Supervisory Bodies.

The Enterprise Risk Management function: (i) shares with the Risk Specialist and Risk Owners the reporting on risks mapped in their own areas through the Risk Assurance and Integrated Compliance IT platform; (ii) submits to the Chief Executive Officer, the Financial Reporting Officer, the General Counsel and the SVP Internal Audit periodic reports on the updating of critical and high risks and annual reports, also to the Board of Directors, on the updating of all corporate risks; and (iii) presents and submits, on a quarterly basis, the performance of the activities performed, the results thereof and the related management plans to the Control and Risk and Related-Party Transactions Committee, the Board of Statutory Auditors and the Supervisory Body, so as to permit an assessment of the effectiveness of the ICRMS.

Lastly, the Legal function reports periodically to the Control and Risk and Related-Party Transactions Committee, the Board of Sta-

tutory Auditors and the Supervisory Body, in particular in order to examine compliance issues regarding, inter alia, any critical issues and/or possible indications of improvement, as well as the status of the Company's legal dispute; in this context, a report is also sent on the verification, training, assessment and monitoring activities required by the anti-corruption policy.

B) Information flows between the boards of statutory auditors of the Snam Group

In order for Snam's Board of Statutory Auditors to fulfil its supervisory and control obligations with respect to the Snam Group, including with regard to the direction and coordination of Snam's Subsidiaries, Snam's Board of Statutory Auditors receives, from the boards of statutory auditors of the Subsidiaries, information flows:

(i) in the context of joint meetings between

the boards of statutory auditors of the Snam Group;

- (ii) through the transmission of periodic reports or in the presence of particular circumstances;
- (iii) through the transmission of information at the request of Snam's Board of Statutory Auditors or on the independent initiative of the boards of statutory auditors of the Subsidiaries.

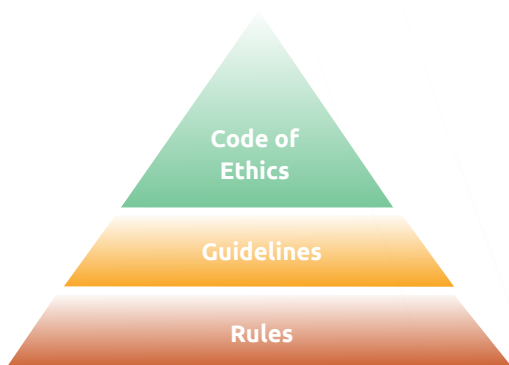
In particular, Snam's Board of Statutory Auditors receives a half-year report on the supervisory activity performed by the boards of statutory auditors of its Subsidiaries.

Snam's Board of Statutory Auditors, on the basis of all reports received from the corporate control bodies, business control structures and all control entities and functions, promptly informs the Board of Directors if it detects any weaknesses, critical issues or anomalies in the ICRMS, so that the Board of Directors can take any measures it deems necessary or appropriate.

2. SNAM'S LEGAL FRAMEWORK

Snam has embarked on a process of simplifying and rationalising its legal framework (the “**Legal Framework**”).

The new Legal Framework has a pyramid structure that is divided into three hierarchical levels, corresponding to different types of regulatory instruments, as described below:



(Policies, Manuals, Procedures and Operating Instructions) are also an integral part of the Legal Framework. Lastly, there are circulars or regulations to govern specific issues (sometimes with temporary validity).

Snam's Legal Framework is designed to:

- (i) monitor and support the effectiveness of the ICRMS; and
- (ii) govern certain aspects of the direction and coordination exercised by Snam over the Subsidiaries, to whose respective boards of directors the regulatory instruments adopted by Snam are sent periodically for information purposes.

Subsidiaries are required to formally adopt the measures established by Snam on certain specific subjects (e.g. relating to health, safety and the environment and/or pertaining to the Boards of Directors of Snam and its Subsidiaries) where they hold direct responsibility.

- (i) Code of Ethics (1st regulatory level): defines the values, principles of conduct and guiding principles on which the entire ICRMS that Snam recognises, accepts, shares and assumes internally and externally is based;
- (ii) Guidelines (2nd regulatory level): define the set of principles and conduct that every employee of Snam is required to follow. They also define all the procedures and tools of the ICRMS;
- (iii) Rules (3rd regulatory level): define the process flow, the accountability matrix, the task list and the process level controls matrix.

The Guidelines described in the present Report have been approved by Snam's Board of Directors.

Moreover, certified management system documents (in accordance with ISO standards) on Health, Safety, Environment and Quality

3. COMPLIANCE AT SNAM

Compliance helps to maximise Snam's value and to ensure the correct pursuit of corporate objectives.

The ICRMS forms an integral part of Snam's strategy and governance. In particular, compliance fosters business development in terms of business results and competitive advantage.

A compliance culture is an ethical value to be promoted and shared with all stakeholders (internal and external) and is an investment in corporate efficiency. The main objective of compliance activities is the prevention of actions that do not comply with laws, applicable regulations, any measures imposed by public authorities and self-regulatory provisions.

Effective compliance protects Snam against, inter alia, the risk of incurring penalties and suffering financial, operational and reputational damage (legal and non-compliance risk). In this regard, reference should be made to the legal and non-compliance safeguards in the ICRMS, and the importance of monitoring the sustainability risks as of the Corporate Governance Code⁷⁸. In fact, the Corporate Governance Code recommends: (i) that the risk management function and the function overseeing legal and non-compliance risk also be involved, as a matter of key importance, in the organisation of the internal control system; and (ii) that the management body define the nature and level of risk compatible with the strategic

78 In accordance with their specific business context and organisational profile, issuers may also refer to the definitions developed by transnational bodies and the legislation applicable to the regulated sectors. The legal and non-compliance risk relates to the failure to comply, in whole or in part, with the rules and regulations at European, national, regional and local level that Snam is required to apply in conducting its business. Infringements of the rules and regulations may result in criminal, civil and/or administrative penalties, as well as damage to assets and economic and/or reputational damage. With regard to specific cases, the infringement of employee health and safety and environmental legislation and the violation of anti-corruption laws may also result in possibly substantial penalties for the company based on the administrative liability of entities (Legislative Decree No. 231 of 2001).

objectives of the Company, including in its assessments all elements that may be relevant to the Company's long-term success.

In a wider sense, the compliance function is tasked with defining tools, in line with best practice⁷⁹, to prevent offences being committed within organisations, to ensure that the control and governance safeguards as a whole play a role in protecting lawfulness.

Snam has established structures and tools to identify, analyse and manage legal and non-compliance risk. Specifically, the manifestation of this risk is highlighted within the context of the Enterprise Risk Management system and the safeguards for its management are highlighted within the context of Snam's Legal Framework.

3.1 Compliance Programme for the Prevention of Offences

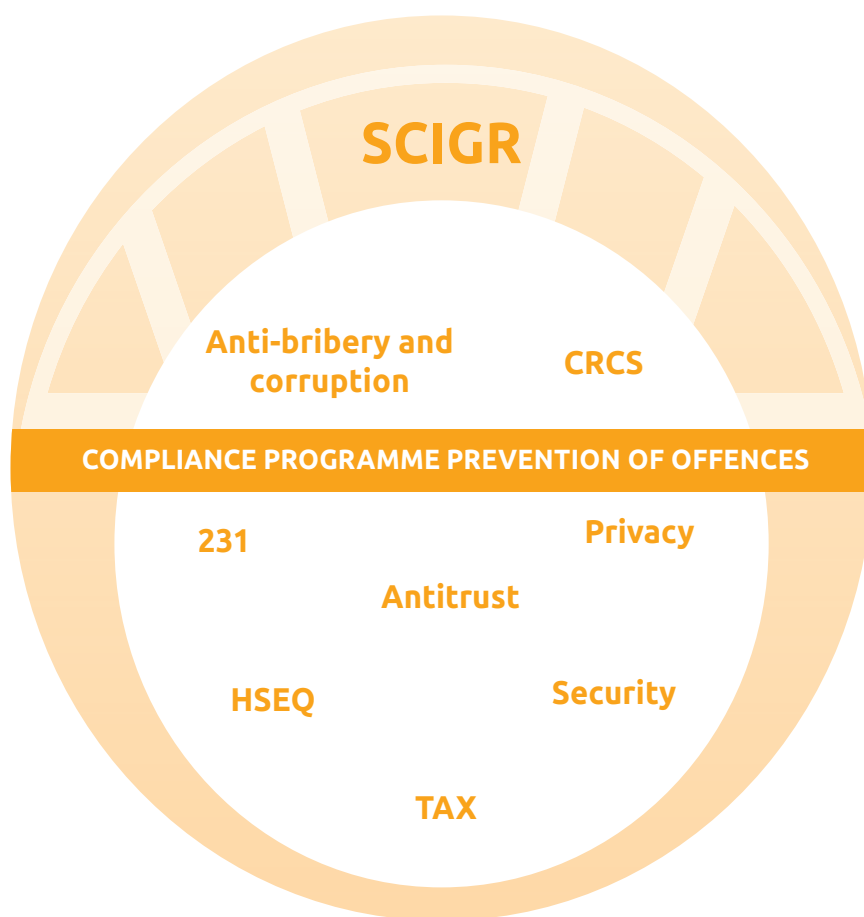
Snam's compliance activity is an integral part of the ICRMS, which is based on an integrated control model divided into three levels, as described in Paragraph 1.1 of this Section, which identifies the tasks of each body and function involved, and practical procedures for coordination between these bodies and functions⁸⁰. The Compliance Programme for the Prevention of Offences (the "CPPO") was defined in this context. This programme ensures, as a

79 See "Prevenzione e governo del rischio di reato: la disciplina 231/2001 e le politiche di contrasto dell'illegalità nell'attività di impresa" [Prevention and governance of the risk of crime: the 231/2001 regulations and policies for combating illegality in business activities] - Assonime – Note e Studi 05/2019.

80 In this context, compliance is a second-level control activity that, inter alia, ensures that specific compliance programmes are defined and updated, monitoring their application, and analyses and verifies the compliance-related aspects of Snam's Legal Framework so that it can operate in accordance with the applicable rules, whether imposed externally or by the company itself. The individual operational and commercial business units and functions, within the scope of their respective processes, are responsible for the application of these programmes and tools and for managing the associated risks.

preventative measure, maximum incorporation within the scope of the ICRMS, and improved coordination and integration of the relative flows and interactions between the three lines of control.

The CPPO encompasses the second-level control models (ERM, 231, CRCS, Tax Control Framework, Privacy, Non-Financial Statement (NFS); Antitrust, Anti-Corruption, HSEQ and Security). Although these models each retain their specific methodologies, they belong to a single integrated system of risks and controls, as tools to implement the programme in line with the relevant leading practices and in full compliance with the Code of Ethics, which sets out the values, principles of conduct and main guidelines that form the basis of the entire ICRMS, which Snam recognises, accepts, shares and assumes both internally and externally⁸¹.



⁸¹ As specified in paragraph 3.2 below, the CPPO was defined within the "Risk Assurance & Integrated Compliance" Guidelines, approved by Snam's Board of Directors on 11 December 2018.

In the context of the CPPO, compliance activities are overseen by various “key individuals” who input information into and oversee the ICRMS in order to establish innovative and synergistic integrated risk management and related control measures that precisely define the Risk Assurance & Integrated Compliance model (“**RAIC**”), ensuring integration and coordination between the individual models, promoting consistency in innovative risk assessment methodologies and, where applicable, the integration of the controls of the various models.

In the context of the CPPO, compliance activities are mainly overseen by the legal function, which also ensures the integration and coordination of the individual models represented in the ICRMS.

The organisational structures responsible for defining compliance models therefore play a central role in enhancing the ICRMS, as well as in prevention.

In this context, the CPPO has been defined, from a preventative standpoint, working on robust risk assessment processes under the context of applicable standards, and from a “detection”, standpoint, through a structured activity of monitoring and testing control safeguards that can highlight deficiencies or possible infringements and indicate the consequent remedial actions. Lastly, the results of these activities are notified, through appropriate reports, to senior management and the corporate bodies.

In this regard, the compliance models are integrated into a process of sharing strategies and responses to non-compliance risks, as part of the wider corporate risk management process.

In this context, compliance activity, by strengthening controls and making them more effective from an integrated perspective, becomes a tool for mitigating business risks and for the correct pursuit of strategic objectives.

The implementation of IT solutions and of new technologies in general to support the RAIC model are also essential in order to improve efficiency and coordination of flows and interactions between the various control lines.

3.2 The Risk Assurance & Integrated Compliance Model

As anticipated, the RAIC model, referred to in the “Risk Assurance & Integrated Compliance” Guidelines approved by Snam’s Board of Directors on 11 December 2018, has a dual purpose:

- integrate, within the SCIGR, the control models of the so-called 2nd level such as *Enterprise Risk Management*⁸² 231 Model, CRCS, *Tax Control Framework* (“**TCF**”), *Privacy, Non-Financial Statement (NFS)*, *Antitrust, Anticorruption, Health, Safety, Environment & Quality* (“**HSEQ**”)⁸³ and *Security*,⁸⁴
- to promote and support compliance with the reference legislation and the prevention of any offences during the conduct of business, through the adoption and effective implementation of the CPPO.

The CPPO is implemented and made operational through:

- (i) the Legal Framework;
- (ii) the corporate governance provisions adopted in accordance with the applicable legislation and international best practice;
- (iii) the provisions, methods and activities of the models applied by the responsible functions;
- (iv) a risk assurance & integrated compliance process.

The following are key elements for implementation of the CPPO:

- (i) the RAIC model;
- (ii) systems of (a) notifications, (b) rewards and (c) penalties;⁸⁵
- (iii) training and communication⁸⁶.

82 The ERM model, the risk assessment methods and the roles and responsibilities of the persons involved are described in the ERM Guidelines approved by Snam’s Board of Directors.

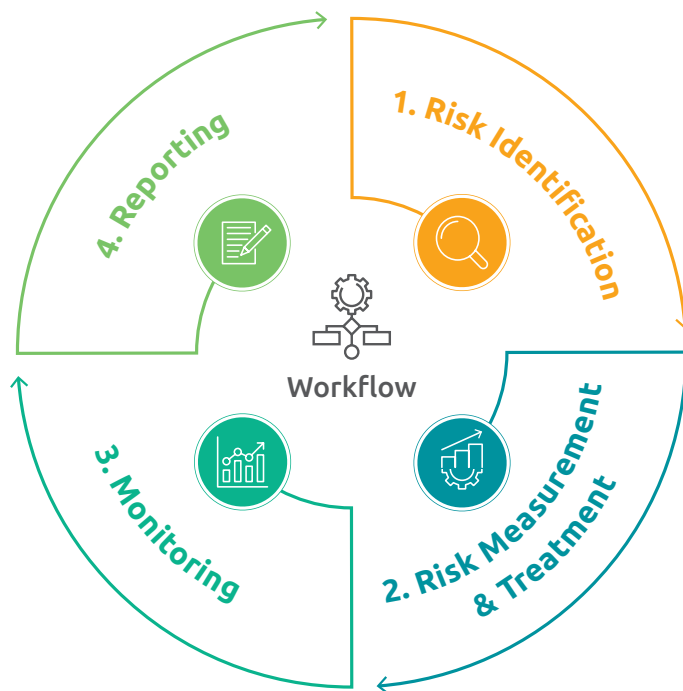
83 The HSEQ model comprises two modules: Workplace Health and Safety and Environment.

84 The Security model comprises the following modules: Data Classification; Scope of Certifications; Security Assessment; Business Continuity.

85 The reward system and incentive mechanisms for employees and management define, assign and finalise remuneration policy measures, in accordance with the guidelines drawn up by senior management. The adoption of a system of penalties for failure to observe provisions/rules established to prevent unlawful conduct and/or the commission of offences helps to ensure compliance with the CPPO and therefore the applicable reference legislation.

86 The relevant functions promote knowledge of the CPPO and the related models among Snam’s employees by means of specific training/communication activities, with different levels of complexity according to the positions and roles of the employees concerned.

With regard to the first element, it has been implemented a RAIC IT platform that enables the coordination of risk management activities within the scope of the second-level control models, while maintaining the specific methodologies of each model. The following activities are carried out through the RAIC IT platform within periodic time windows (“campaigns”):



- *Risk Identification*: identification and association of existing risks and controls;
 - *Risk Measurement & Treatment*: assessment of risks and the consequent definition of strategies to manage them, including an action plan;
 - *Monitoring*: periodic monitoring of the design and effectiveness of existing controls over the risks identified, and the risk processing actions to be approved or implemented;
 - *Reporting*: generation of specific reports for each model and integrated reports for senior management and the corporate bodies.
- *Risk model owners*, i.e. contact persons in the function dedicated to the management of the individual control model.

A risk & control register is created through the RAIC platform, where the models involved in the RAIC process share a single catalogue of risks and controls⁸⁷. This repository enables the integrated collection of consistent, complete information and data to support the decision-making processes of senior management and the corporate bodies receiving dedicated reporting flows.

The application of the RAIC model requires the individuals involved in the said activities to be clearly identified with assigned responsibilities. In particular, the engagement of the following is envisaged:

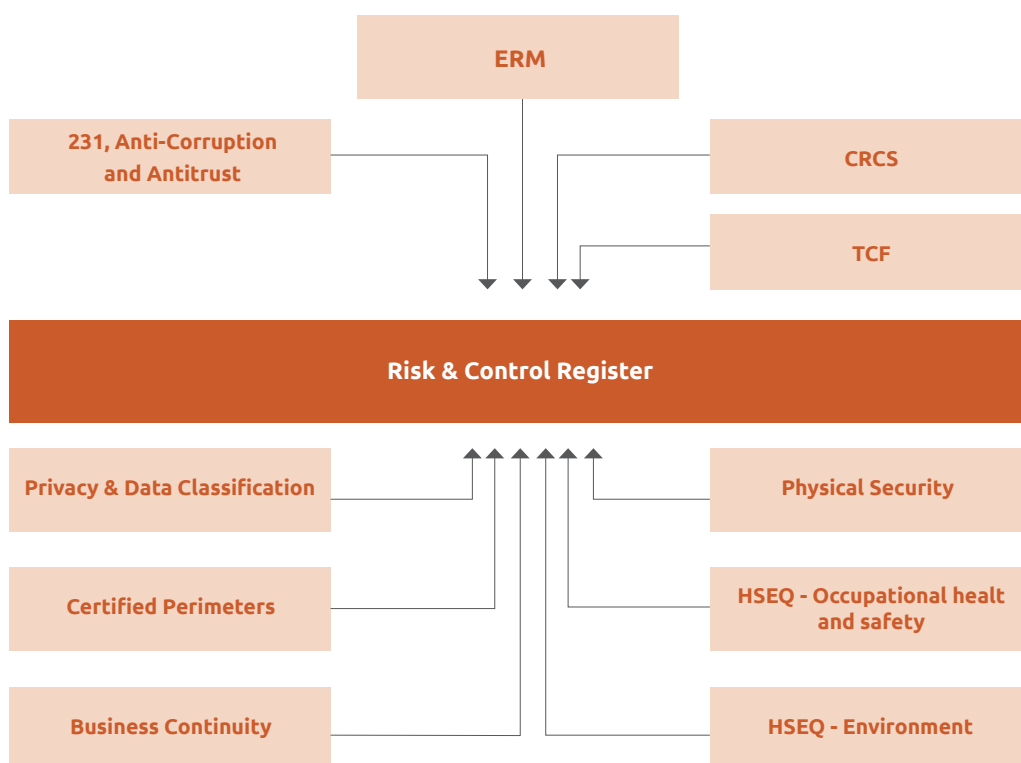
- *Risk owners*, i.e. heads of corporate functions responsible for carrying out risk assessment and control activities within the scope of the processes for which they are responsible;
- *Risk specialists*, i.e. individuals identified within the function manager’s unit to con-

In the context of the RAIC model, the risk model owners have to act in concert to plan and share their respective activities. Coordination between the risk model owners takes place through risk meetings convened by the Legal function, before and after risk assessment and/or monitoring campaigns. The DT&T and Organisation functions are regularly invited to discuss matters within their purview.

⁸⁷ The catalogue is made up of fields shared by all the models and fields specific to each model.

The main aim of the risk meetings is to discuss the results obtained and to plan future actions. In particular, the following are discussed:

- planning of the schedule of activities and the relevant deadlines;
- definition of the scope of the assessment and monitoring campaigns;
- methods of conducting monitoring activities;
- control weaknesses and risk processing actions in the case of cross-functional controls and/or risks associated with more than one model;
- discussion of new risks and new controls to be included in the risk & control register.



3.3 The 231 Model

The 231 Model is an organic set of principles, rules and provisions concerning, inter alia, the management and control of each corporate process. Its aim is to protect the Company from any conduct that may entail its administrative liability, pursuant to Legislative Decree No. 231 of 2001, in relation to offences or attempted offences committed in the interest or to the advantage of the Company by persons holding a “senior” position within the entity or by those who are subject to the oversight and control of such persons.

The Board of Directors adopted a 231 Model in order to prevent the offences indicated in the legislation on corporate administrative liability for crimes committed in the interest or to

the advantage of the company and has set up a Supervisory Body vested with autonomous powers of initiative and control, in compliance with the applicable law.

The analysis of corporate processes and the comparative analysis of the existing control environment and the oversight measures are carried out on the basis of the COSO Framework, which is the international benchmark model for the establishment, updating, analysis and assessment of internal control systems (the “**COSO Framework**”, published most recently in May 2013⁸⁸).

The Subsidiaries have also adopted their own 231 Models for their specific circumstances,

⁸⁸ The document “Internal Control - Integrated Framework”, published by the *Committee of Sponsoring Organizations of the Treadway Commission* (<http://www.coso.org>).

appointing their own supervisory bodies to monitor the implementation and effective application of the model.

In accordance with the provisions of Chapter 7, paragraph 7.2 of the 231 Model, the implementation of the so-called “Transposition Programme” is guaranteed in case of (a) new legislation with reference to the regulation of the administrative liability of legal entities deriving from criminal offences, (b) periodic revision of the 231 Model as regards organisational changes or updates of a merely formal nature, (c) significant violations of the 231 Model and/or the results of checks on its effectiveness and/or public domain experience in the sector.

In accordance with the amendments made to the General Section of Snam S.p.A.’s 231 Model on 15 December 2020, during the meetings held in 2021 the Boards of Directors of the Subsidiaries resolved to amend the General Section of their respective 231 Models concerning the “Rules for updating 231 Model”, assigning the task of presenting the update of 231 Model (i) to the Board of Directors, in the event of legislative changes with reference to the regulation of the liability of entities for administrative offences dependent on crime, and/or significant violations of 231 Model (and/or the outcome of audits about its effectiveness or of experiences in the public domain in the sector), after hearing the opinion of the Board of Statutory Auditors (or of the Single Statutory Auditor, depending on the case) (ii) to the Chief Executive Officer for updates of an organisational nature, promptly informing the Board of Directors, as well as those of a merely formal nature.

During 2021, applying the logics of the Integrated *Risk Assurance & Compliance* Model referred to in the guidelines adopted by the Snam Board of Directors on 11 December 2018, *risk assessment* and *gap analysis* activities were carried out, aimed at updating the 231 Models of Snam and its Subsidiaries Companies, in relation to both the organisational changes that have taken place and the regulatory changes introduced by Legislative Decree No. 75 of 14 July 2020 concerning the “Implementation of Directive (EU) 2017/1371 on the fight against fraud affecting the financial interests of the Union by means of criminal law” (so-called “Criminal law”) were analysed

(so called “*PIF Directive*”, which extended the 231 liability to further offences⁸⁹.

The results of the risk assessment and gap analysis confirmed the adequacy of the internal control system to monitor the legal and non-compliance risk in relation to the administrative liability of entities under 231 Model. In addition, the organizational changes that took place in January-February 2021 have had an impact on the structure of 231 Model of Snam and Snam Rete Gas: specifically, controls related to risks associated with the Commercial & Dispatching Function of Snam Rete Gas have been assigned (with reference to the part relating to commercial activities) to Snam’s Commercial, Asset Planning & Regulatory Affairs Function, as a result of the transfer of the Function from Snam Rete Gas to Snam. These activities have been incorporated into the updated version of the Special Section documents entitled “Processes, Sensitive Activities and Specific Control Standards of 231 Model” for Snam and its subsidiaries.

Again during 2021, the Boards of Directors of the subsidiaries Snam 4 Environment, Renovit, Mieci, Evolve and Arbolia adopted their own 231 Model, following the performance of their respective risk assessment activities, in line with the evolution of the process of integration into the Snam group.

⁸⁹ The Legislative Decree No. 75/2020 extended the liability of the entities to the following types of offence: (i) fraud in public supplies (Article 356 of the Italian Criminal Code) and fraud in agriculture (Article 2 of Law No. 898 of 23 December 1986); (ii) the relevance of all the types of offence against the Public Administration referred to in Article 24, paragraph 1, of Legislative Decree No. 231/2001, even if committed by the entity to the detriment of the European Union; (iii) embezzlement (Article 314, paragraph 1, of the Italian Criminal Code), embezzlement through the profit of another person’s error (Article 316 of the Italian Criminal Code) and abuse of office (Article 323 of the Italian Criminal Code) if their commission causes damage to the financial interests of the European Union; (iv) false declaration (Article 4 of Legislative Decree No. 74/2000), omitted declaration (Article 5 of Legislative Decree No. 74/2000) and unlawful compensation (Article 10-*quater* of Legislative Decree No. 74/2000) when committed as part of cross-border fraudulent schemes and for the purpose of evading value added tax for a total amount of not less than euro 10,000,000; (v) extension of the punishability of the attempt to commit offences of fraudulent declaration by means of invoices or other documents for non-existent transactions (Article 2 of Legislative Decree No. 74/2000), fraudulent declaration by means of other artifices (Article 3 of Legislative Decree 74/2000), false declaration (Article 4 of Legislative Decree No. 74/2000) in cases where the same are committed also in the territory of another Member State of the European Union and in order to evade value added tax for a total value of not less than 10,000,000 euro; (vi) smuggling offences provided for in Articles 282 et seq. of Presidential Decree no. 43 of 23 January 1973, entitled “Consolidated Law on Customs”.

In December 2021, a further risk assessment activity was launched – and is still ongoing – aimed at updating the Special Part of 231 Models of Snam and of the subsidiaries Snam Rete Gas, Stogit, Snam 4 Mobility, Cubogas, IES Biogas, Snam 4 Environment and Renovit in relation to the organizational changes that have taken place.

The results of these activities will make it possible to adapt the Special Part documents called “Processes, Sensitive Activities and Specific Control Standards of 231 Model” for Snam and the subsidiaries companies.

In 2021, Snam continued to provide for a *compliance* training course aimed at the entire company population and structured in 5 modules, which was initially offered in 2019:

- 231 Model: the course focuses on issues relating to the organisation, management and control model pursuant to Legislative Decree No. 231 of 2001, company processes and sensitive activities, control standards and the duties of the Supervisory Body;
- Privacy: the course describes the innovations introduced by European legislation on Privacy (GDPR) and provides in-depth information on privacy management at Snam, the role of the Data Protection Officer, the protection of the rights of those concerned and security measures to prevent the management of any data breaches;
- Market Abuse: the course deals with unlawful conduct in this area, the contents of the Snam Guidelines and the proper management of confidential information;
- Antitrust: the course presents an overview of antitrust law and the importance of protecting competition and goes in depth into national and European antitrust law, how to manage relations with competitors, the correct conduct to behave in order to act in compliance with antitrust law, the management of any inspections by the Antitrust Authorities;
- Anti-bribery and corruption: the course describes the principles of the fight against corruption at Snam and provides in-depth information on the various types of fraud/corruption, with practical examples of potential illegal conduct, Snam’s control mechanisms and culture and the principles of the Anti-corruption Compliance Programme.

The 231 Model is available on the Company’s website (<https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html>)

3.4 Enterprise Risk Management Model

The Enterprise Risk Management Model (“ERM Model”) provides appropriate tools for identifying, measuring, managing and monitoring the key risks that could impact the achievement of strategic objectives

Snam’s ERM Model, in line with the reference models and existing international best practices (COSO Framework and ISO 31000), provides for an integrated, cross-functional and dynamic assessment of risk that evaluates existing management systems in individual corporate processes and is updated to ensure that it always acts as an effective risk management model. It also provides for ongoing training of all personnel involved. As part of Level Two controls, the duties of the ERM function include:

- defining and updating Snam’s ERM Model through specialist methodological support in identifying and evaluating risks;
- coordinating the overall enterprise risk management process (“ERM”), in order to properly consolidate and prioritise Snam’s risks;
- consolidation of the risk management strategies identified by the competent corporate functions for identifying and measuring enterprise risks;
- regular preparation of reports and management and updating of defined risk indicators, in order to ensure coordination of risk monitoring and control activities.

The objective of the identification stage is to pinpoint elements of risk both within and outside the corporate processes that might affect their attainment of corporate objectives. The risk measurement is carried out in an integrated and cross-department fashion through classification scales of probabilities and impacts.

Risk is defined as the effect of uncertainty on objectives and may be negative or positive (opportunity).

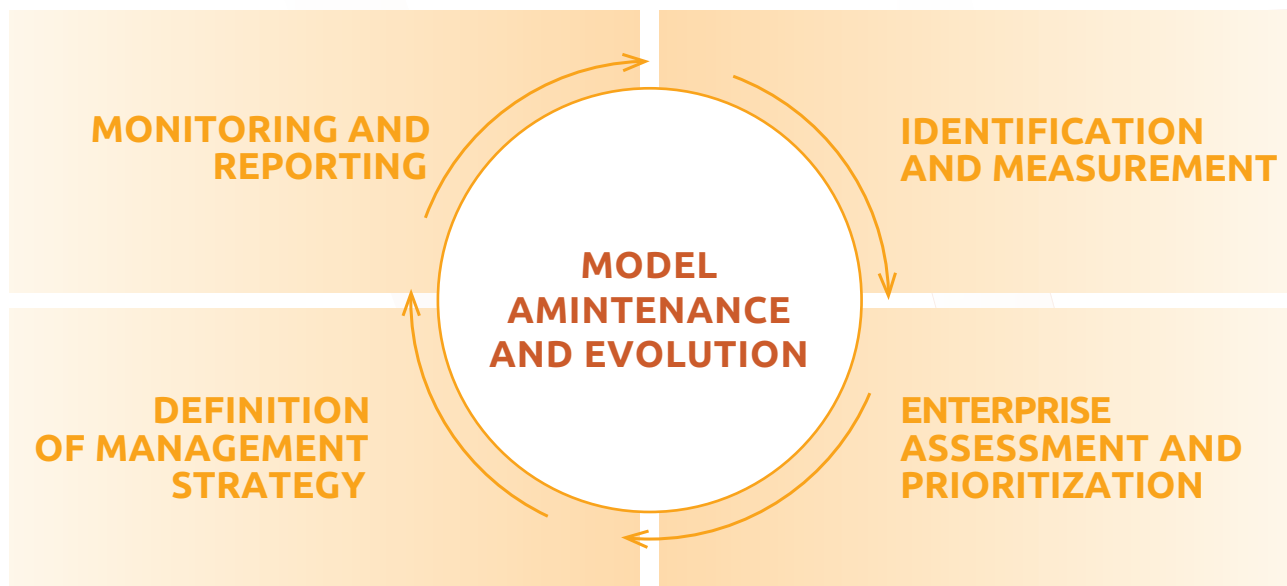
Each event is assessed on the basis of ten types of impact, some of them determined by the risk owners/specialists (operating impacts: Economic/Financial, Industrial/Business, Asset) other by special functions (impact: Legal/Compliance, Environment, Social, Governance, HS, Reputational, Market). In particular, with the “Environment” metric the environmental and climate change impacts are considered; with the “Social” metric possible impacts on human and workers’ rights, as well as on local communities, are considered; with the “Governance” metric possible consequences on governance capacity, on the pursuit of sustainable success and on the corporate behaviour (e.g. Business Ethics, Anti-corruption, Tax Transparency) are identified.

The risk has been assessed from different perspectives and the prioritisation of risks is defined by combining the measurements of the impacts and related probabilities. The opportunities are identified in a manner

comparable with the risks, i.e. with a measurement of the operating impacts by each risk owner/specialist and a measurement of the other impacts by specialist functions. Management strategies are identified for all risks, as well as any specific interventions and a time frame for their implementation.

At the end of 2021, about 175 enterprises risks and 56 opportunities were mapped across all corporate processes. The main business risks identified and monitored are classified as financial, operating, legal and compliance and strategic, and also the risks related to ESG issues are identified.

Risk mapping is reviewed periodically, depending on their priority. Periodic reporting ensures that the information on risk management and monitoring activities is available and represented across the different levels of the Company. The graphic below illustrates the various operational phases of the ERM Model.



3.5 Integrating ESG aspects into Snam's ERM model

In light of the most recent trends on the subject, from 2021, Snam has launched a series of initiatives aimed at integrating ESG issues into the ERM framework, taking inspiration from leading practices in the field, such as CoSO ERM, CoSO ERM WBCSD (World Business Council for Sustainable Development) and TCFD.

In particular, the activities were divided into two consecutive project phases: the Diagnostic Assessment of ESG risk areas, and the ESG Risk Assessment.

Specifically, the Diagnostic Assessment was carried out with the aim of identifying ESG risk areas, on the basis of the Sustainability issues identified in the materiality analysis⁹⁰, and assessing the level of maturity of the control systems relating to the ESG risk areas identified.

Once this phase was completed, and based on the results of the investigation carried out, Snam launched an extraordinary Risk Assessment campaign with an ESG focus. Prior to this campaign, which involved the entire corporate perimeter and Top Management, Snam strengthened its ERM methodology with an ESG perspective, and therefore ready to systematic incorporation of ESG factors into its activities and analyses.

This methodological evolution has been made possible thanks to the inclusion in the ERM model of innovative elements taken from the main best practices, which have been applied to the company's situation and tested during the ESG Risk Assessment; in particular, the evolution of the model has focused on four key aspects:

- Megatrend analysis and external and internal context analysis

The ESG Risk Assessment was preceded by an analysis of the external and internal context of the Group, which included a Megatrend analysis focused on ESG issues and on the European

⁹⁰ The purpose of materiality analysis is to capture material issues, i.e., those issues that are capable of reflecting the company's significant economic, environmental and social impacts or that may substantially influence stakeholders' assessments and decisions. The joint consideration of the internal significance of the organization and external significance (stakeholders), collected through questionnaires, led to the identification of the materiality matrix. The materiality matrix, shown in the Executive Summary of this Report, has been validated by management, the ESG Committee and the CEO and reviewed by the appointed auditor.

context, assessing their potential impacts in terms of risks and opportunities.

- ESG risks classification and mapping on Material Issues

Snam, consistent with the recommendations of CoSo WBCSD and TCFD, has applied the definition of ESG-related and Climate-related risks within its model in a completely cross-cutting manner across its risk portfolio: the link to ESG factors is therefore not reserved for a specific risk category specifically created, but is expressed horizontally to all risk categories through a mapping activity of ERM risks on Material Issues. Indeed, linking ERM risks to Material Issues makes it possible to acquire a new interpretation for Risk Management activities, integrating them with Materiality Analysis and clustering risks according to cause or effect relationships that link them to specific Material Issues.

- The management of risks time span and leaving behind the short-term vision

In order to overcome the limitations of traditional risk management models, typically focused on a short-term vision limited by the Strategic Plan span, a new risk assessment metric, Velocity, has been introduced, conveniently calibrated in order to allow risk analysis on events far away in time and on long-term phenomena. The metric, implemented in accordance with the recommendations of TCFD, makes it possible to clearly distinguish risks and opportunities with immediate impacts in the short, medium and long term, facilitating the identification and the assessment of risks that exceed the Plan span.

- The restructuring of impacts and the Dual Materiality logic

The latest methodological evolution of Snam's ERM has been focused on incorporating ESG factors into the assessment of risk and opportunity impacts, leading to the application of the three corresponding assessment metrics (Environmental, Social and Governance). Thanks to this integration, each event in the ERM portfolio may now be assessed and classified according to a precise ESG logic able to distinguish the nature and magnitude of potential impacts, pointing out potential critical issues in detail. In particular, the application of Environmental and Social impacts allows the ERM model to come close to the new approach of Dual Materiality: being able to measure the external impacts of risk events distinguishing them from the inter-

nal ones, ERM is now able to separate Inside-out effects from Outside-in ones, and consequently assess each risk in the double perspective of Financial Materiality and Impact Materiality.

(i) Enterprise Risk Management Guidelines

Snam considers risk management to be of primary importance and with the Enterprise Risk Management Guidelines (the “ERM Guidelines”) it intends to promote a structured and systematic approach based on the following principles:

- promoting and disseminating a culture of fair and transparent risk management;
- ensuring, in all corporate processes, proactive, effective and efficient risk management that is consistent with the strategic objectives and the corporate governance system;
- ensuring, through appropriate procedural, management and organisational systems, that risks are effectively identified, assessed, managed and periodically monitored;
- conducting and managing all corporate activities with a view to risk prevention, in compliance with the law, the Code of Ethics, corporate provisions and national and international best practices;
- ensuring that the risks identified, which are different by their nature, are assessed using a homogeneous and cross-functional model.

Highlights of the ERM Guidelines

- Establishment and updating of a Risk & Control Register which records the data necessary to identify, measure, manage and monitor risks;
- Provision of a risk taxonomy, divided into strategic, legal, compliance, operational and financial risks;
- Integration between ERM processes and strategic planning;
- Periodic update per year on the metrics for probability and impact measurement by the ERM function;
- Sharing of the mapped risks between the functions;
- Periodic reporting to the Board of Directors, the Control and Risk and Related-Party Transactions Committee, the Board of Statutory Auditors and the Supervisory Body.

The ERM Guidelines, in particular, describe the methodology for assessing the risks, roles/responsibilities and *reporting* activities envisaged by the ERM Model, in line with international

best practices and in particular the reference COSO *framework* and ISO 31000 models.

The main benefits of the adoption of the ERM Guidelines are:

- a better understanding of the main risks related to the planned strategy and the business objectives; and
- an increased ability to prevent, adapt to and react to changes in the external environment.

The ERM Guidelines are divided into eight sections, which describe: - the fundamental principles of corporate risk governance;

- the scope of application;
- the ERM Model, with description of methodology and of the roles and responsibilities;
- the *Risk & Control Register*;
- the flows of information from and to ERM function and the *reporting*;
- communication and training;
- responsibility for updates.

The Enterprise Risk Management Guidelines are available on the Company's website (http://www.snam.it/export/sites/snam-rp/repository/file/Sostenibilita/documenti_sostenibilita/Linea-Guida-Enterprise-Risk-Management.pdf).

3.6 Anti-Corruption Compliance Programme

Snam, in establishing and maintaining an Anti-Corruption Compliance Programme, is not limited to adopting a 231 Model (aimed at preventing the predicate offences of administrative liability for corporate crime, including corruption offences) but, in accordance with international guidance and best practice, has also implemented the following tools⁹¹:

- “Top level commitment”, i.e. a commitment at the highest level to fight corruption;
- the adoption of specific anti-corruption measures;
- the establishment of a dedicated Anti-Corruption Unit (Business Integrity⁹²);

⁹¹ In this regard, the Code of Ethics establishes, inter alia, that Snam rejects all kinds of corruption (in all its forms with regard to any public or private entity) and that corrupt practices, unlawful favours, collusive behaviour, and requests, made directly and/or through third parties, for personal and career advantages for oneself or for others, are prohibited without exception.

⁹² Denomination adopted with Organisational Notice No. 29/21 of 27 October 2021, which replaced Ethics & Antibribery

- anti-corruption due diligence on contractual/commercial counterparties;
- monitoring by an external and independent advisor to verify actual knowledge of and implementation of the procedures;
- *raising of awareness of employees through specific training and information activities;*
- *disciplinary action in the event of breaches of the anti-corruption rules;*
- *periodic risk assessment.*

TOP-LEVEL COMMITMENT



Multilateral collaborations

- Snam is a member of the UN Global Forum and, as part of the Sustainable Development Goal No. 16 on *Peace, justice and strong institutions*, has strengthened its collaborations and partnerships with national and international organisations and institutions;
- Since 2016, Snam has been a partner of the General Secretariat of *Transparency International* and, thanks to its active role within the *Business Integrity Forum* of the Italian Chapter, it is constantly involved in various working tables and institutional events, in which it is called upon to represent its *best practices* in terms of business integrity and anti-corruption.
- Starting in 2017, Snam - as the first Italian company in the private sector - joined the *Business and Industry Advisory Committee* (BIAC), now renamed "*Business at OECD*" and, in 2019, joined the Leadership of the *Anticorruption Committee*, with the appointment of Vice-Chair. This active collaboration has allowed it to be invited to all public consultations at OECD, to provide its contribution and to share her experience, on the subject of prevention of unlawful acts and business integrity in the prepared documents
- Thanks to the development of these partnerships, Snam participates annually in some recurring events, assuming a primary role in the panels. Among them, above all, the OECD: (i) Global Anti-Corruption & Integrity Forum; (ii) Global Forum on Responsible Business Conduct; (iii) Working Party on State Ownership and Privatization Practices; (iv) Corporate Governance Committee meeting; (v) Public Integrity Indicators Portal and of the 2021 Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions.
- In October 2019, Snam joined the World Economic Forum's *Partnering Against Corruption Initiative* and participated in past editions of the Forum Business 20 (also called "B20") as a full member of the *Compliance & Integrity Taskforce*, under the Saudi and Italian Presidency respectively in 2020 and in 2021, preparing for the third term in office under the Indonesian Presidency 2022.
- During 2021, Snam continued to be active in the area of multilateral activities, participating in various institutional events and providing its contribution to various working tables, in addition to those mentioned above. In particular, the following should be mentioned: (i) Leading through the Crisis: Integrity and Anticorruption for a Resilient Recovery, as part of the OECD Global Anti-Corruption & Integrity Forum; (ii) Transparency Italia's Business Integrity Forum in June, where – as part of the panel dedicated to the topic of "*Intelligent Compliance*" – the Snam Chief Executive Officer, Marco Alverà, intervened at the opening with a video message recalling the imperative of ethical principles related to integrity, anti-corruption and sustainability within a company. (iii) B20 Special Event "*How to promote Sustainable Governance, increase transparency, fight corruption to enhance fair competition*"; (iv) B20 Summit 2020, which formalized the transfer of the International Business Forum to the Indonesian Presidency; and, lastly, (v) Transparency International Italia's Business Integrity Forum, annual event held in November, in which Snam participated in two panels: "*From B20 Italy 2021 to B20 Indonesia 2022 and beyond*", in which it reported on its experience within the Integrity & Compliance Task Force of past presidencies and future prospects, and "*Ethical and Useful*", in which the EVP Institutional Affairs, ESG, Communication & Marketing was involved in a round table discussion on Italy's possible role as a promoter of the energetic transition.

Highlights of the Anti-Corruption Compliance Programme

- A policy of zero tolerance towards any form of corruption.
- Specific regulations and controls in relation to activities identified as potentially “at risk” and to activities relating to the effective implementation of anti-corruption compliance
- A clear distinction between permitted conduct and prohibited conduct
- A particular focus on relationships with government officials, suppliers and subcontractors, and in general, all business associates
- Establishment of a dedicated anticorruption function
- Annual monitoring with the involvement of management
- Specific training launched in 2016 for over 1,442 participants, continued in 2017 and 2018 for all new employees, was renewed in 2019 for all company personnel (2,904 people) and later offered to all new hires in 2020 and 2021.
- Preparation of the “Mini-Anti-Corruption Guide”, distributed to Snam’s staff as a readily available source of support, aimed at strengthening the anti-corruption culture
- Identified as an example of “absolute excellence” by Transparency International Italy after its “Assessment on Transparency on Reporting on Anti-Corruption”
- More than 7,680 reputational audits of counterparties carried out in 2021 (including 2,376 on suppliers and subcontractors).

The Anti-Corruption Guidelines are an integral part of a broader business ethics control system that aims to ensure the Company’s compliance with national and international anti-corruption laws⁹³, and with the best international anti-corruption standards, also helping to protect Snam’s reputation. The Anti-Corruption Guidelines place particular emphasis, inter alia, on the selection of suppliers and business partners, the management of relations with them, and the relevant contractual protection clauses.

93 These include the Foreign Corrupt Practices Act (FCPA) enacted in the United States; the UK Bribery Act enacted in the United Kingdom; the Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Operations; and the United Nations Convention Against Corruption.

The Anti-Corruption Guidelines apply to Snam and its Subsidiaries, and the investee companies are also made aware of them, in order to promote conduct and information flows that are consistent with those of Snam. Snam also uses its influence, to the extent that is reasonable according to circumstances, to ensure that the companies and entities in which Snam has a non-controlling stake and its business associates comply with the standards set forth in the Anti-Corruption Guidelines.

The Anti-Bribery Guideline is available on the Company’s website (https://www.snam.it/export/sites/snam-rp/repository/file/Governance/procedure/anticorruzione/Snam_anticorruzione_anticorruption_2019).

3.7 Antitrust Compliance Programme

The principles of the free market and competition are included in Snam’s fundamental values, are recognised in both the Articles of Association and the Code of Ethics and are an integral part of Snam’s corporate culture.

The Antitrust Compliance Programme is composed of a range of activities aimed at the dissemination of antitrust culture as well as the identification of breaches of Italian and European competition laws, in order to prevent non-compliant conduct and to raise awareness among employees, middle managers and executives regarding compliance with applicable legislative provisions.

Highlights of the Antitrust Compliance Programme

The programme is implemented through:

- the Antitrust Guidelines, which aim to describe the content of antitrust legislation in a simple and accessible manner, while providing practical guidance on how to act in concrete situations that could lead to potential antitrust violations, also performing a simplifying role. The Guidelines consist of a central document and several annexes; specifically, the central document briefly describes the fundamental concepts of antitrust law; the structure of the compliance programme adopted by Snam; the powers of the Italian antitrust authorities to ensure compliance with specific regulations; and, lastly, the rules of conduct for Snam's employees to prevent antitrust risk. The individual annexes contain the necessary information on the topics addressed;
- a specific dawn raid procedure governs the stages, modes of conduct and roles of the various company functions involved in the event of inspections by the EU and/or national authorities responsible for supervising compliance with competition principles;
- dedicated communication and training initiatives for all employees designed to ensure familiarity with the Antitrust Guidelines, as well as their effectiveness and correct implementation;
- the establishment of an Antitrust Supervisor within Snam's Legal, Governance, Compliance & ERM Function, who will provide the necessary support and assistance on the application of the Antitrust Guidelines;
- a monitoring programme designed to verify the effectiveness of the training and the application of the rules in the Antitrust Guidelines and to enable amendments and updates to be made to them;
- a risk mapping exercise carried out on the basis of interviews with staff most exposed to antitrust risk considering the specific role performed.

The Antitrust Guideline is available on the Company's website (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/lineaguida_antitrust/lineaguida_antitrust.pdf).

3.8 Privacy Compliance Programme

The purpose of the "Privacy Guidelines" is to (i) define the corporate roles and requirements to be implemented with regard to the protection of personal data in accordance with Regulation (EU) 2016/679 and (ii) guide all Snam's employees so that personal data is processed in compliance with the fundamental rights and freedoms of natural persons and, in particular, with the right to the protection of personal data.

In line with the Code of Ethics, the document specifies the actions to be taken in accordance with both national and EU legislation on the processing and protection

of initiatives to be undertaken at company level, including in order to prevent data breaches.

The document is structured into three macro areas that can be distinguished as:

- foundations for the lawfulness of processing and the rights of data subjects, aimed at identifying the legal basis of the processing and the main rights granted to stakeholders, referring to the principles of lawfulness, transparency and proportionality;
- a privacy management system, which incorporates Snam's approach to the privacy system (risk assessment, impact assessment, security measures adopted, privacy by design and by default);
- key privacy roles and responsibilities, for all of which individuals have been identified, both inside and outside Snam, which contribute, in various ways, to maintaining an effective and efficient management system and the relevant responsibilities.

During 2021, within the Archer application, a development was carried out aimed at implementing the Records of Processing of Snam and the Group companies on the RACI platform. It is expected that the implementation of the aforementioned Registers on the RACI Platform – started on 15 December 2021 during the Q4 2021 Campaign – will end in February.

3.9 II Whistleblowing

Since 2006, Snam has implemented specific rules to establish a codified system for the collection, analysis, verification and reporting of notifications, anonymous or otherwise, received by Snam and its Subsidiaries (the “**Whistleblowing Guidelines**”) and to establish the criteria and methods for the establishment of information channels.

Whistleblowing highlights

- Management of communication channels assigned to an external person (an Ombudsman) identified as a professional with a high degree of legal training in criminal matters, who ensures that reports are received and analysed by applying criteria of maximum confidentiality in order, inter alia, to protect the good repute of persons involved and efficiency of investigations
- Preliminary investigations into notifications carried out in an integrated and coordinated manner, through the involvement of the Internal Audit function, having first consulted the Legal, Governance, Compliance, ERM & HSEQ function for those matters within its purview. Quarterly circulation of a report on notifications received - issued by the Internal Audit function - to the following corporate functions:
 - Chair of Snam;
 - Chief Executive Officer;
 - Snam’s Board of Statutory Auditors;
 - The Control and Risk and the Related-Party Transactions Committee;
 - Supervisory Body;
 - External Auditors;
 - General Counsel;
 - CFO and Financial Reporting Officer;
 - EVP *Human Resources, Organization & PFM*.

In case of notifications regarding Subsidiaries, the reports, insofar as they are relevant, are sent to the managing directors of each Subsidiary concerned, as well as to the relevant control and supervisory bodies.

The Whistleblowing Guidelines have also been revised to take account of new provisions introduced by Law No. 179 of 30 November 2017 (“Provisions for the protection of persons reporting offences or irregularities of which they become aware in the context of a public or private employment relationship”) which, with reference to the private sector, provided, through changes to Article 6 of Legislative Decree No. 231 of 2001, for protection of employees or contractors reporting illegal conduct or breaches of the entity’s organisation and management model, and the provision *(i)* of one or more channels to enable the transmission of reports, at least one of which is capable of guaranteeing the confidentiality - using computerised means - of the reporting person’s identity during the handling of the report, and *(ii)* of disciplinary sanctions against any person who breaches measures to safeguard the whistleblower.

The Whistleblowing Guidelines are available on the Company's website
(<https://www.snam.it/en/governance-conduct/business-conduct/whistleblowing/index.html>)

Below is a table detailing the activities carried out by Internal Audit as regards reports received in the last three years:

	2019	2020	2021
Reports received and processed	11	10	6
- relating to the Internal Control System	1	5	4 ⁹⁴
- relating to accounting, auditing, fraud, etc.		-	-
		-	-
- relating to other matters (breach of Snam's Code of Ethics, administrative liability of companies pursuant to Legislative Decree No. 231/2001, HSE matters, mobbing, security, anti-corruption, breach of business ethics, etc.)	10 ⁹⁵	5	5 ⁹⁶
Reports dismissed due to lack of evidence or because untrue (No.)	6	3	2 ⁹⁷
Reports resulting in corporate disciplinary or managerial action ⁹⁸ and/or referral to a legal authority	5	5	0
Reports in the process of examination (No.)	0	2	6 ⁹⁹

3.10 Health, Safety, Environment and Public Safety

The "Health, Safety, Environment and Public Safety" Guidelines describe the principles of HSEQ and Public Safety that guide actions with a view to transparency and collaboration with suppliers and business partners. These principles, precisely expressed through the adoption of specific HSEQ and PIR policies, have been adopted by Snam with the aim of preventing risks and reducing the impact on health, safety and the environment of its activities.

All measures prescribed by laws and industry regulations are also implemented through the development, continuous updating and prompt implementation of HSEQ management systems. Consistent with international standards and certified by third parties, these systems also enable Snam to ensure a continuous improvement in performance and the adoption of international best practice.

The HSE Guidelines provide, inter alia, that a review must be carried out periodically by senior management and by the functions which, according to their remits, analyse the internal and external context of the company, in order to evaluate the adequacy, suitability and effectiveness of the management systems, including in relation to the achievement of objectives, continuous improvement and compliance with the applicable rules and requirements, and to ensure alignment with the strategic guidelines. Finally, provision is made for periodic reports, meetings and management reviews, as the main communication and information tools by which top management, the corporate control bodies and the reporting lines verify compliance with the reference standards and the adequacy, efficiency and effectiveness of the management systems.

3.11 Key features of the internal control and risk management system in relation to corporate reporting

(i) Foreword

The ICRMS is designed to ensure the dependability¹⁰⁰, accuracy¹⁰¹, reliability¹⁰² and timeliness

94 3 of which also related to other subjects.

95 It includes the management of 4 additions to 3 reports received during 2019, one of which is under review.

96 3 of which also concern the Internal Control System.

97 Refer to reports received in 2020.

98 "Managerial" also means organisational/procedural measures relating to measures to improve the ICRMS.

99 The INTAU analyses have been completed. 4 reports are in the process of being archived by the competent Supervisory Bodies; the remaining 2 reports are under the exam of other corporate functions.

100 Dependability (of the reporting): reporting that is correct, complies with generally accepted accounting standards and fulfils the requirements of the applicable laws and regulations.

101 Accuracy (of the reporting): error-free disclosure.

102 Reliability (of the reporting): reporting that is clear and complete, thereby enabling investors to make informed decisions.

of the Company's financial reporting and the capacity of the main relevant corporate processes to produce such reporting in accordance with the accounting standards.

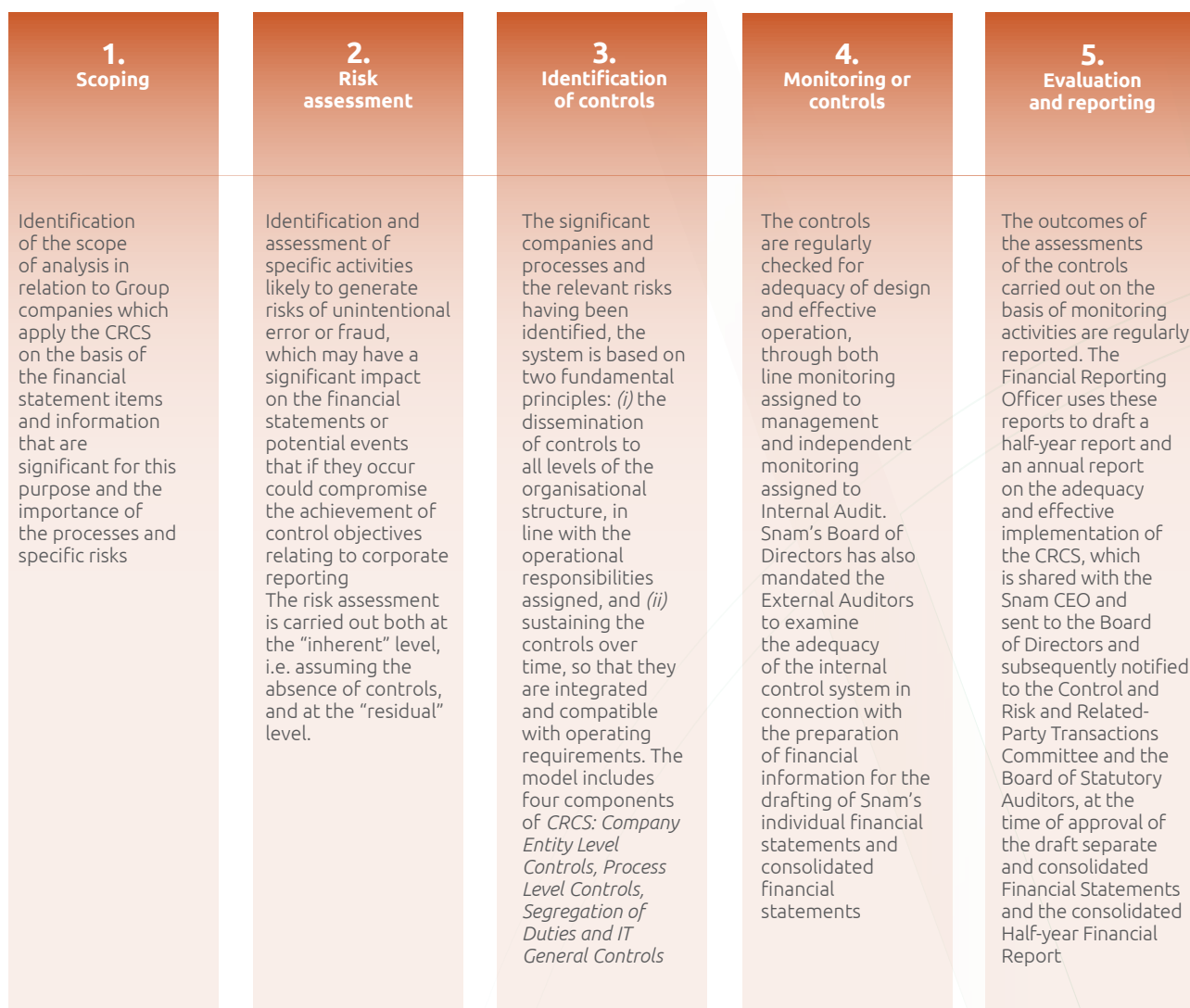
The reporting consists of all data and information financial and non-financial contained in the periodic accounting documents required by law as well as in any other accounting document or external communication covered by the statements provided for by Article 154-bis of TUF.

The CRCS model adopted by Snam and its Subsidiaries was defined in accordance with the provisions of Article 154-bis of TUF and is based, from a methodological standpoint, on the COSO Framework (*"Internal Control - Integrated Framework"*, issued by the *Committee of Sponsoring Organisations of the Treadway Commission*), an international reference model for establishing, updating, analysing and evaluating the internal control system.

The Snam Group's CRCS is governed by a body of regulations that defines the methodologies, roles, responsibilities, activities to be performed and reporting flows for the establishment, maintenance over time, functioning and assessment of the effectiveness of the Group's CRCS, applied to Snam and the Subsidiaries, taking into account their significance.

(ii) Phases of the CRCS

The CRCS is planned, established and maintained through the following activities.



(iii) Positions and functions involved

The activities of identifying and assessing risks, as well as implementing controls and related line monitoring are assigned to the functions that manage the activities and processes, and in particular to the Risk Owners and Risk Specialists, within the scope of their own areas of competence. The CRCS unit is responsible for the definition of standards, methodologies and reference criteria, coordinates and manages the control system as a whole, and provides methodological and operational support to the Financial Reporting Officer and to all the functions and persons involved in the implementation of the CRCS.

The senior managers and CEOs of the individual Snam Group companies, within the CRCS are responsible for establishing and maintaining the their company's control system over time; they receive the results of the checks performed by the competent functions on all the controls and sign dedicated half-year and annual reports that are submitted to their own Boards of Directors, after informing the Board of Statutory Auditors, and to the Parent Company.

(iv) Updating of the Model

The Internal Control System for Corporate Reporting is constantly updated in order to maintain controls that are always adequate, also in relation to new significant risks for CRCS. In fact, all changes in activities, responsibilities and methods of using information systems that have an impact on controls are promptly incorporated, taking into account the information and observations received from the competent functions, from line monitoring, from independent monitoring, from the results of audits conducted by the independent auditors and from the results of Internal Audit activities.

Ongoing training on the CRCS is also provided in e-learning mode to the staff of the Snam Group in order to inform them of the prerequisites, aims and characteristics of the model, so that each person is aware of his/her role and responsibility and can make an adequate contribution to the proper functioning of the model. Finally, for all those involved in monitoring and assessment activities "special tutorials and video clips" have also been made available, illustrating the main activities to be carried out and the steps to be performed in the system.

3.12 Snam Group Tax Strategy and Tax Cooperative Compliance

The "Snam Group Tax Strategy" Guidelines describe the principles that inform the Group's tax governance both in strategic terms, with regard to the risk appetite and the long-term objectives pursued with reference to the tax variable, and in operational terms, with regard to the architecture of the tax risk control system (the "Tax Control Framework" ("TCF"))¹⁰³.

The adoption of a clear and documented tax strategy represents, inter alia, the main requirement for access to the tax cooperative compliance regime established by Legislative Decree No. 128 of 5 August 2015, which promotes forms of communication and cooperation between the tax authorities and taxpayers.

With the tax cooperative compliance programme, the Italian Revenue Agency aims to establish a relationship of trust between the authorities and taxpayers to increase the level of certainty on relevant tax issues. This objective is pursued through ongoing, preventative dialogue with taxpayers on factual and legal matters, in order to make a common assessment of situations likely to generate tax risks.

Membership of the scheme is for taxpayers who meet the legal requirements and who have a system for detecting, measuring, managing and controlling tax risk ("Tax Control Framework") understood as the risk of violating rules of a tax nature or operating contrary to the principles or purposes of the tax system.

In return for the implementation of this system for the prevention of tax risk, the law provides some benefits, in particular:

- ongoing dialogue with the Italian Revenue Agency, which offers the opportunity to manage uncertain situations and is prepared to resolve tax disputes as soon as possible;
- clear advantages in reputational terms through the inclusion of the company in public lists of "virtuous" taxpayers (the list is published on the Italian Revenue Agency website);

¹⁰³ "Tax Control Framework - Tax Strategy" Guidelines

- a 50% reduction in penalties in the event of disputes.

Snam's adherence constitutes a fundamental step on the path of accountability, presenting Snam and the Group as an entity that acts in full transparency with the tax authorities, completely in line with its sustainability programme.

On 2 December 2019, with the order of admission to the cooperative compliance regime notified by the Italian Revenue Agency, Snam and Snam Rete Gas S.p.A. were included on the list of companies operating in full transparency with the Italian tax authorities, published on the Italian Revenue Agency's website.

In line with the approach dictated by the "Snam Group Tax Strategy", the *tax risk management* process has also been extended to Group companies which, although not admitted to the collaborative compliance procedure due to lack of size requirements, have been considered relevant from a *risk-based* perspective. Currently, tax risk is managed through TCF for nine Group companies¹⁰⁴.

3.13 Related Parties Guidelines

The Guidelines for "*Transactions in which directors and statutory auditors have an interest and related-party transactions*" have been adopted pursuant to the Regulation on Related-Party Transactions (the "**Related-Parties Guidelines**")¹⁰⁵, in accordance with the Unbundling Regulations, taking into account the specific nature of the business of Snam and its Subsidiaries, which are overseen by ARERA. The Related Parties Guidelines were last amended by the Board of Directors on 15

104 Snam S.p.A., Snam Rete Gas S.p.A., STO.G.IT S.p.A., GNL Italia S.p.A., Infrastrutture Trasporto Gas S.p.A., Snam-Mobility S.p.A., Cubogas S.r.l., IES Biogas S.r.l., TEP Energy Solution S.r.l.

105 The "Transactions in which directors and statutory auditors have an interest and related-party transactions" Guidelines define a "transaction" (or "transactions") as the transfer of resources, services of obligations, regardless of whether a fee has been agreed, carried out by Snam or its Subsidiaries (including entities not having a corporate nature whose management bodies are mainly composed of employees of Snam or its subsidiaries) with related parties of Snam. These include: (i) mergers or demergers by incorporation or non-proportional demergers; (ii) any decision relating to the awarding of remuneration and financial benefits, in any form, to members of the administration and control bodies and to executives with strategic responsibilities.

June 2021, in order to adapt their contents to the changes introduced in Consob Regulation no. 17221/2010 (the "**Consob Regulation**") by resolution no. 21624 of 10 December 2020, with effect from 1 July 2021.

Highlights of the Related-Party Guidelines

- Involvement, as the case may be, of the Control and Risk and Related-Party Transactions Committee or the Remuneration Committee (for decisions concerning the remuneration of Snam's directors, statutory auditors and key management personnel)
- Provision of a materiality threshold equal to 2.5% to be applied in relation to the countervalue, assets and liabilities indices, in accordance with Consob regulations
- Transmission to the Control and Risk and Related-Party Transactions Committee by the Legal Department, on a quarterly basis, of all available information relating to Large Transactions exempted from the application of the Related-Party Guideline
- Extension of the scope of application of the Guidelines to all transactions entered into by the Subsidiaries with related parties of Snam
- Establishment of a special approval process for transactions in which directors or statutory auditors of Snam have an interest

Following the aforementioned amendments to the Consob Regulation, the new Related-Parties Guideline defines Snam's "Related Parties" as persons defined as such by the international accounting standards adopted in accordance with the procedure set out in Article 6 of Regulation (EC) No. 1606/2002 in force at the time of the start of negotiations on a transaction, specifying that the directors and standing statutory auditors of Snam are, in any case, considered related parties of Snam.

The Related-Parties Guidelines make a distinction between Large Transactions and Small Transactions, on the basis of a materiality threshold, also identifying a threshold of insignificance – different in relation to the nature of the counterparty and the transaction – below which the preliminary and decision-making process laid down in the same Guideline does not apply. With respect to the provisions of the Consob Regulation, which identifies as Large Transactions those in which at least one of

the relevance indices provided therein – applicable depending on the specific Large Transaction – is higher than the threshold of 5% for all Related Party Transactions and 2.5% for Transactions carried out with the listed parent company, if any, Snam has set a single threshold of 2.5% to be applied in relation to the Consob indices as the threshold for identifying the generality of Large Transactions.

The Related-Parties Guidelines require that the competent Committee issue:

- for “*Small Transactions*”¹⁰⁶, a non-binding reasoned opinion that must address the Company’s interest in the transaction, as well as the expediency and substantial accuracy of its conditions. In the event of a negative opinion, the Company is required to inform the market of the reasons that led it to conclude the transaction despite this opinion;
- for “*Large Transactions*”¹⁰⁷, which are the exclusive preserve of the Board of Directors, a favourable reasoned opinion on the Company’s interest in the transaction, as well as the suitability and substantive accuracy of its conditions. The Committee is also promptly involved in the negotiation and examination stages, receiving comprehensive and updated information, with the power to request information and submit comments to the authorised bodies and persons tasked with the negotiations and examination.

In both cases, the Committee may be assisted, at the Company’s expense, by one or more independent experts, on the condition that it verifies in advance its compliance with the independence requirements in accordance with paragraph 2 of the Guideline.

If the related party transaction falls within the competence of the Board of Directors, the “Directors Involved in the Transaction” – i.e. those who have an interest in the transaction, on their own behalf or on behalf of

third parties, that conflicts with that of Snam – abstain from voting on the transaction, it being understood that they may take part in the related discussion.

Finally, the Related-Parties Guidelines set out a special approval process - which requires, inter alia, that the Control and Risk and Related-Party Transactions Committee issue a non-binding opinion on the appropriateness of the transaction for the Company - in the case of transactions, other than related-party transactions, in which Snam’s directors or statutory auditors have an interest, on their own account or on behalf of third parties.

The Related Parties Guideline is available on the Company’s website
(https://www.snam.it/export/sites/snam-rp/repository/file/Governance/lineaguida/parti_correlate/Snam-Linea-Guida-Operazioni-con-parti-correlate-2021.pdf)

For further information on the composition, organization and functioning of the Control and Risk and Related-Party Transactions Committee, please refer to Paragraph 3.3, Section III, of the Report.

3.14 Market Abuse Guidelines

Snam’s Market Abuse Guidelines combine and coordinate within a single systematic document the market abuse rules and principles with which the Company and its related parties must comply in order to:

- protect investors, to prevent situations of information asymmetry, and prevent certain persons from using non-public information to carry out speculative market transactions; and
- protect the Company from any liability that it may incur as a result of the conduct of persons attributable to it.

¹⁰⁶ Within the meaning of the Related-Parties Guidelines, “Small Transactions” are all transactions other than “Large Transactions” and “Negligible Transactions” (defined in Annex 2 of the Procedure).

¹⁰⁷ “Large Transactions” are indicated in Annex 1 to the Related-Parties Guidelines.

Highlights of the Market Abuse Guidelines

- Snam's Market Abuse Guidelines - that take account of the "Market Abuse Regulation" pursuant to EU Regulation 596/2014 (and the relevant implementing regulations) - came into force on 3 July 2016 and were most recently updated in March 2018 with the aim of complying with the regulatory amendments introduced to the Issuers' Regulation by Consob Resolution No. 19925 of 22 March 2017 and of taking account of the Guidelines on the Management of Inside Information published by Consob on 13 October 2017
 - A single document – organic, systematic and updated to incorporate new European legislation – that incorporates all measures relating to market abuse. Provision relating to the management of price sensitive information, relevant information, internal dealing, black-out periods and insider register
 - Provision of a specific procedure for delayed dissemination of inside information
 - Identification of detailed information flows within the corporate organisational structure and with the Subsidiaries
 - Training programme, in order to raise awareness among Snam's employees on issues related to rules on market abuse
-

The Market Abuse Guidelines are divided into three sections, as described in more detail below.

Section I – Management of inside information

This section covers:

- a) the identification and management of relevant and inside information;
- b) the procedures to be followed for communicating such information both within and outside of the corporate environment;
- c) the procedure to be followed if the Company considers it necessary to delay dissemination to the public of inside information;
- d) the establishment, maintenance and updating of the register of persons who have access to relevant information and the register of persons who have access to inside information;

Section II - Internal dealing

This section covers disclosure and conduct requirements related to: (a) transactions on shares or debt instruments issued by the Company or on derivatives and other financial instruments linked thereto, and - where applicable - on emission allowances and auctioned products based thereon or related derivatives, by persons with managerial or control duties or by persons closely associated with them; and (b) transactions involving shares of the Company or other financial instruments linked thereto, carried out, directly or indirectly, by anyone holding shares of the Company equal to 10% of the share capital, and by any other person controlling the Company.

Specifically, it includes the following:

- a) criteria for identifying "Relevant Persons", "Relevant Shareholders" and "Relevant Transactions" to which the legislation in question applies;

- b) the disclosure obligations of “*Relevant Persons*”, “*Relevant Shareholders*” and the Company in respect of Consob and the public in relation to “*Relevant Transactions*”; and
- c) rules preventing “*Relevant Persons*” from carrying out “*Relevant Transactions*” in given periods (“*black out period*”¹⁰⁸).

Section III – Final provisions

This section covers provisions relating to: (a) market surveys; and (b) the updating of the Guidelines and final provisions.

The Market Abuse Guideline is available on the Company's websiteLa (http://www.snam.it/export/sites/snam-rp/repository/file/Governance/procedure/Market_Abuse/Procedure_Market_Snam_REV04.pdf).

108 Pursuant to the Market Abuse Guidelines, “*Relevant Persons*” and “*Closely-Related Persons*” are not permitted to carry out – directly or via an intermediary - “*Relevant Transactions*” within a period of 30 calendar days before the Company announces the figures contained in the annual financial report, the half-year financial report and in other periodic financial reports that are subject to mandatory publication.
For the definition of “*Relevant Persons*”, “*Closely-Related Persons*” and “*Relevant Transactions*”, see the Market Abuse Guidelines.

SECTION V ANY CHANGES TO THE CORPORATE GOVERNANCE STRUCTURE THAT OCCURRED AFTER THE END OF THE FINANCIAL YEAR

In a letter dated 28 January 2022, Director Yunpeng He resigned from his position as a director of Snam due to professional commitments arisen, with effect from the appointment by the Company of a new director to replace him. Directors and Statutory Auditors were promptly informed of this resignation.

It should also be noted that Director Yunpeng He was appointed by the Shareholders' Meeting of 2 April 2019 and was drawn from the slate submitted by Shareholder CDP Reti S.p.A.

On 3 February 2022, the Company received a communication from the shareholder CDP Reti S.p.A., with which it submitted to Snam's independent assessment the proposal for the candidacy of Qinjing Shen for the office of director to replace Yunpeng He. Both Yunpeng He and Qinjing Shen are an expression of SGEL¹⁰⁹.

As evidenced by the *curriculum vitae* provided for by Qinjing Shen, the replacement allows to continue to ensure the need to see diversified skills represented in the Board of Directors. In addition, the professional characteristics of the candidate are consistent with the guideline expressed by the Board on the occasion of the election of the Board of Directors at the 2019 Shareholders' Meeting.

The Board of Directors – having verified in respect of Qinjing Shen the non-existence of causes of ineligibility, disqualification and incompatibility as well as the possession of integrity requirements established for the members of the supervisory bodies by regulation issued by the Minister of Justice, contained in Decree of Minister of Justice no. 162 of 2000, Article 2, and compliance with the limits set by the Board on the accumulation of offices on the basis of the resolution most recently adopted by the Board of Directors – appointed, on 17 February 2022, pursuant to Article 2386, paragraph 1, of the Italian Civil Code, Qinjing Shen to the office of Snam's Director to replace Yunpeng He, with a resolution approved by the Board of Statutory Auditors. In accordance with the provisions of Article 2386, paragraph 1, of the Italian Civil Code, Qinjing Shen will remain in office until the next Shareholders' Meeting.

¹⁰⁹ In this regard, it should be noted – as described in Paragraph 8, Section II, of this Report – that the main direct shareholder of Snam is CDP RETI S.p.A., whose main shareholders are CDP S.p.A. (59.1%) and SGEL (35%), a company wholly owned by State Grid International Development Limited.

SECTION VI SUMMARY TABLES

145 Annex 1

162 Annex 2

163 Annex 3

167 Annex 4

170 Annex 5

171 Annex 6

175 Annex 7

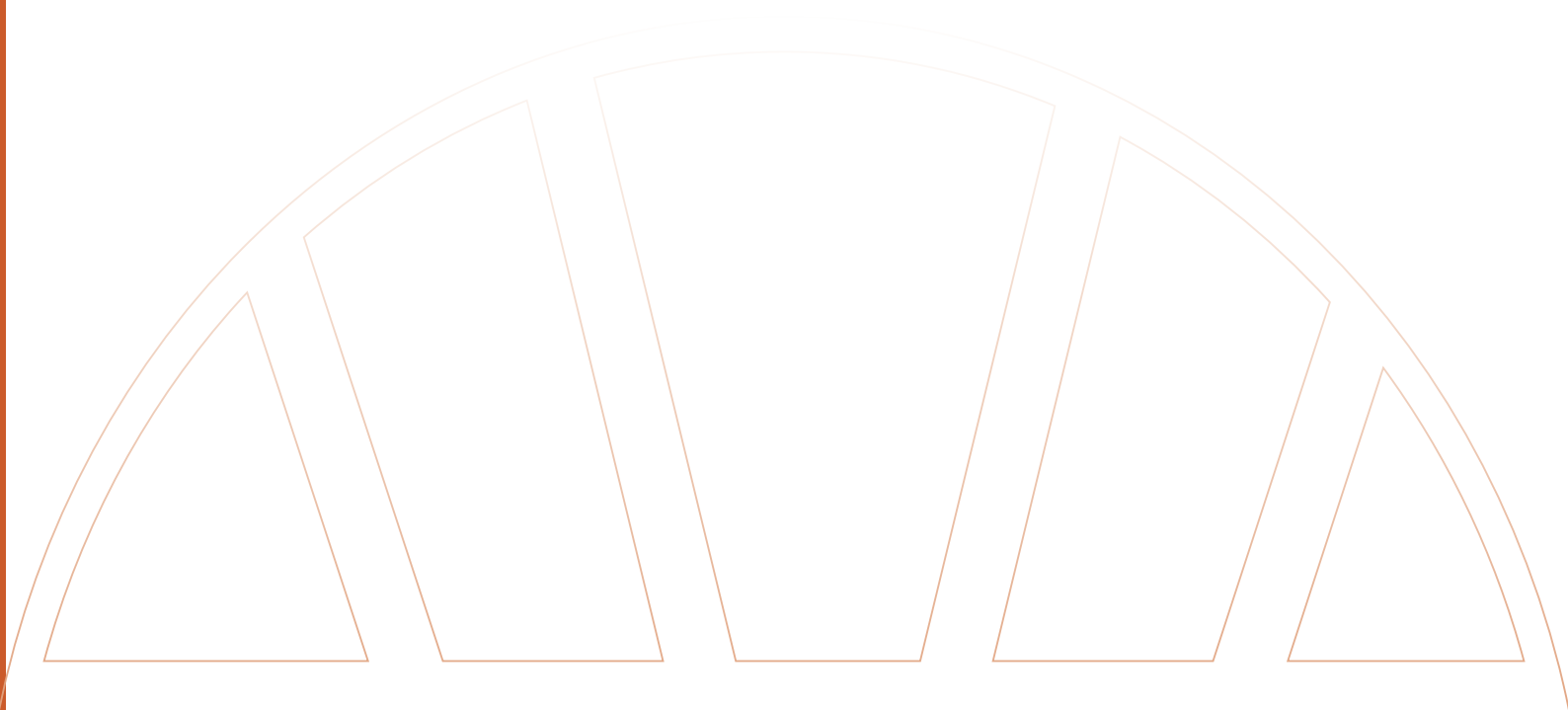


TABLE 1 – STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR

Board of Directors

Office held	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Exec.	Non-exec.	Indep. Codes	Indep. TUF	No. of other offices ***	(§)
Chair	Nicola Bedin	1977	18/06/2020	18/06/2020	Financial Statements at 31/12/2021	(1)		X	X	X	0	13/13
Chief Executive Officer (•) (◊)	Marco Alverà	1975	27/04/2016 ¹¹⁰	02/04/2019	Financial Statements at 31/12/2021	M	X				2	13/13
Director	Laura Cavatorta	1964	02/04/2019	02/04/2019	Financial Statements at 31/12/2021	m		X	X	X	1	13/13
Director	Antonio Marano	1960	02/04/2019	02/04/2019	Financial Statements at 31/12/2021	M		X	X	X	1	13/13
Director	Francesco Gori	1952	26/03/2013	02/04/2019	Financial Statements at 31/12/2021	m		X	X	X	2	13/13
Director	Francesca Pace	1961	02/04/2019	02/04/2019	Financial Statements at 31/12/2021	M		X	X	X	0	13/13
Director	Yunpeng He	1965	26/01/2015	02/04/2019	Financial Statements at 31/12/2021	M		X			3	13/13
Director	Rita Rolli	1969	02/04/2019	02/04/2019	Financial Statements at 31/12/2021	m		X	X	X	2	11/13
Director	Alessandro Tonetti	1977	27/04/2016	02/04/2019	Financial Statements at 31/12/2021	M		X			1	13/13

No. of meetings held during the financial year: 13

Quorum required for the submission of slates of candidates by minority shareholders for the election of one or more members¹¹¹ : 0.5% of the share capital

NOTES

The symbols indicated below must be inserted in the "Post" column:

• This symbol indicates the Director in charge of the internal control and risk management system.

◊ This symbol indicates the person with primary responsibility for the management of the issuer (Chief Executive Officer or CEO).

* The date of first appointment of each director means the date on which the director was appointed for the first time (in absolute terms) to Snam's Board of Directors.

** This column shows the list from which each Director was drawn ("M": majority list; "m": minority list).

*** This column shows the number of offices held pursuant to Paragraph 2.4, Section III, of this Report.

(§) This column shows the attendance of directors at board meetings.

(1) Director appointed by the Ordinary Shareholders' Meeting on 18 June 2020 on the proposal of the shareholder CDP Reti S.p.A., to replace Luca Dal Fabbro, who had previously resigned with effect from the date of the Shareholders' Meeting.

¹¹⁰ Marco Alverà has held the office of General Manager since 15 January 2016, an office he continues to hold even after his appointment as CEO..

¹¹¹ In accordance with Consob Determination No. 60 of 28 January 2022.

TABLE 2 – STRUCTURE OF THE BOARD COMMITTEES AT THE END OF THE FINANCIAL YEAR

Board of Directors		Control and Risk and Related Party Transactions Committee		Remuneration Committee		Appointments Committee		Environmental, Social & Governance Committee	
Office held	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chair of the Board of Directors - non-executive - independent	Nicola Bedin								
Chief Executive Officer (♦) (♠)	Marco Alverà								
Director - non-executive - independent	Laura Cavatorta					8/8	M	16/16	P
Director - non-executive - independent	Antonio Marano	15/15	M			8/8	P		
Director - non-executive - independent	Francesco Gori	15/15	P						
Director - non-executive - independent	Francesca Pace	15/15	M	16/16	P				
Director	Yunpeng He							16/16	M
Director - non-executive - independent	Rita Rolli			16/16	M			15/16	M
Director	Alessandro Tonetti			16/16	M	8/8	M		
No. of meetings held during the financial year:		Control and Risk and Related Party Transactions Committee: 15		Remuneration Committee: 16		Appointments Committee: 8		Environmental, Social & Governance Committee: 16	

NOTES

(*) This column shows the attendance of directors respectively at meetings of the Board of Directors and of the Committees.

(**) This column indicates the status of the director within the Committee: "C": Chair; "M": member.

TABLE 3 - STRUCTURE OF SNAM'S BOARD OF STATUTORY AUDITORS

Office held	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Indep. Code	Indep. TUF	Attendance at meetings of Board of Statutory Auditors ***	No. of other offices ***
Chair	Stefano Gnocchi	1974	02/04/2019	02/04/2019	Financial Statements at 31/12/2021	m	X	X	17/17	8
Standing Auditor	Gianfranco Chinellato	1951	02/04/2019	02/04/2019	Financial Statements at 31/12/2021	M	X	X	15/17	10
Standing Auditor	Donata Paola Patrini	1956	02/04/2019	02/04/2019	Financial Statements at 31/12/2021	M	X	X	17/17	3
Alternate auditor	Maria Gimigliano	1976	26/03/2013	02/04/2019	Financial Statements at 31/12/2021	M	X	X	=	==
Alternate auditor	Federica Albizzati	1970	02/04/2019	02/04/2019	Financial Statements at 31/12/2021	m	X	X	=	==

Number of meetings held during the financial year: 17

Quorum required for the submission of candidate lists by minorities for the election of one or more members¹¹²: 0.5% of the share capital

NOTES

* The date of first appointment of each statutory auditor means the date on which the statutory auditor was appointed for the first time (in absolute terms) to Snam's Board of Statutory Auditors.

** This column indicates the list from which each statutory auditor was drawn ("M": Majority list; "m": minority list).

***This column shows the directors' attendance at meetings of the Statutory Auditors.

112 In accordance with Consob Determination No. 60 of 28 January 2022.

ANNEX 1

The Corporate Governance Code (January 2020)¹¹³ and the reference to the information contained in the Report regarding the implementation of its recommendations (“comply or explain” principle).

This annex contains the text of the principles and recommendations of the Corporate Governance Code approved by the Corporate Governance Committee in January 2020, together with references to the sections of the Report that describe the procedures for the implementation of each of these principles and criteria (“comply or explain” principle).

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
Article 1 – Role of the board of directors					
P.I	The board of directors leads the company by pursuing its sustainable success.	X			Sec. I, parr. 2 and 4 Sec. III, par. 2.1.
P.II	The board of directors defines the strategies of the company and the group it heads in accordance with principle I and monitors its implementation.	X			Sez. I, Parr. 2 and 4 Sez. III, Par. 2.1
P.III	The board of directors defines the corporate governance system that is most functional for carrying out the company's business and pursuing its strategies, taking into account the flexibility offered by the legal framework. If necessary, the board of directors evaluates and promotes the appropriate changes and submit them to the shareholders' meeting when such changes are necessarily subject to the shareholders' vote.	X			Sez. III, Parr. 1.3 and 2.1
P.IV	The board of directors promotes dialogue with shareholders and other stakeholders which are relevant for the company, in the most appropriate way.	X			Sez. III, Parr. 2.1 and 6
R.1	The board of directors: a) reviews and approves the business plan of the company and the group it heads, also on the basis of matters that are relevant for the long-term value generation. That analysis is carried out with the possible support of a committee whose composition and functions are defined by the board of directors; b) periodically monitors the implementation of the business plan and assesses the general course of the business, comparing the results achieved with those planned; c) defines the nature and level of risk compatible with the company's strategic objectives, including all the elements that can be relevant for the company's sustainable success; d) defines the corporate governance system of the company and the structure of the group it heads, and assesses the adequacy of the company's organisational, administrative and accounting structure and of its strategically important subsidiaries, with particular reference to the internal control and risk management system; e) approves transactions of the company and its subsidiaries that have a significant impact on the company's strategies, profitability, assets and liabilities or financial position; to this end, it establishes the general criteria for identifying significant transactions; f) on proposal of the chair in agreement with the chief executive officer, adopts a procedure for the internal and external management of documents and information concerning the company, with particular reference to inside information, in order to ensure the correct management of corporate information.	X			Sez. III, Par. 2.1 Sez. IV, Parr. 1.2 and 3.13

¹¹³ On 31 January 2020, the Corporate Governance Committee adopted a new version of the Corporate Governance Code, which companies are required to adopt from the first financial year following 31 December 2020, informing the market in the report on corporate governance and ownership structure to be published in 2022.

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
R.2	<p>If deemed necessary for the effectiveness of the company's corporate governance system, the board of directors develops specific proposals to be submitted to the shareholders' meeting on the following issues:</p> <p>a) choice and characteristics of the corporate model (traditional, "one-tier", "two-tier");</p> <p>b) size, composition and appointment of the board of directors and term of office of its members;</p> <p>c) structure of the shares' administrative and property rights;</p> <p>d) percentages established for the exercise of the prerogatives set up to safeguard minority shareholders.</p> <p>In particular, if the board of directors intends to propose to the shareholders' meeting the introduction of increased voting rights (so-called "voto maggiorato"), it provides adequate reasons in the report that will be submitted to the shareholders prior to their annual meeting. The report indicates the expected effects on the company's ownership and control structure and its future strategies. In the same report, the board discloses the decision-making process followed for the definition of such a proposal and any dissenting opinions voiced within the board.</p>			X	Sez. III, Par. 1.3
R.3	<p>Upon proposal of the chair in agreement with the chief executive officer, the board of directors adopts and describes in the corporate governance report a policy for managing dialogue with the generality of shareholders, taking also into account the engagement policies adopted by institutional investors and asset managers. The chair ensures that the board of directors is in any case informed, within the first suitable meeting, of the development and the significant contents of the dialogue that has taken place with all the shareholders. Il presidente assicura che l'organo di amministrazione sia in ogni caso informato, entro la prima riunione utile, sullo sviluppo e sui contenuti significativi del dialogo intervenuto con tutti gli azionisti.</p>	X			Sez. III, Par. 6
Article 2 - Composition of the corporate bodies					
P.V	The board of directors is comprised of executive and non-executive directors. All directors ensure professional skills and competence that are appropriate to their tasks.	X			Sez. III, Parr. 2.2 and 2.13
P.VI	The number and skills of non-executive directors ensure significant influence in the decision-making process of the board and guarantee an effective monitoring of management. A significant number of non-executive directors is independent.	X			Sez. III, Parr. 2.2, 2.11 and 2.13
P.VII	The company applies diversity criteria, including gender ones, to the composition of the board of directors, ensuring the primary objective of adequate competence and professionalism of its members.	X			Sez. III, Par. 2.3
P.VIII	The control body's composition is appropriate for ensuring the independence and professionalism of its function.	X			Sez. III, Par. 4

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
R.4	The board of directors defines the delegation of managerial powers and identifies who among the executive directors holds the position of chief executive officer. If the chair is entrusted with the position of chief executive officer or with significant managerial powers, the board of directors explains the reasons for this choice.	X			Sez. III, Parr. 2.1 and 2.9
R.5	The number and skills of independent directors are appropriate to the needs of the company and to the well-functioning of the board of directors, as well as to the establishment of board committees. The board of directors includes at least two independent directors, other than the chair. In large companies with concentrated ownership, independent directors account for at least one third of the board. In other large companies, independent directors account for at least half of the board. In large companies, independent directors meet, in the absence of the other directors, on a periodic basis and at least once a year to evaluate the issues deemed of interest to the functioning of the board of directors and to the corporate management.	X			Sez. III, Par. 2.11
R.6	The board of directors assesses the independence of each non-executive director immediately after his or her appointment. The assessment is renewed during the mandate upon the occurrence of circumstances that concern his or her independence and at least once a year. Each non-executive director provides all the elements necessary or useful for the assessment of the board of directors. On the basis of all the information available, the board considers any circumstance that affects or could affect the independence of the director.	X			Sez. III, Par. 2.11

	CODE OF CORPORATE GOVERNANCE Principles and Recommendations	Applied	Not applied	Inapplicable	Paragraph reference
R.7	<p>The circumstances that jeopardise, or appear to jeopardise, the independence of a director are at least the following:</p> <p>a) if he or she is a significant shareholder of the company;</p> <p>b) if he or she is, or was in the previous three financial years, an executive director or an employee:</p> <ul style="list-style-type: none"> - of the company, of its subsidiary having strategic relevance or of a company subject to joint control; - of a significant shareholder of the company; <p>c) 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):</p> <ul style="list-style-type: none"> - with the company or its subsidiaries, or with their executive directors or top management; - 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; <p>d) 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;</p> <p>e) if he or she has served on the board for more than nine years, even if not consecutive, of the last twelve years;</p> <p>f) if he or she holds the position of executive director in another company whereby an executive director of the company holds the office of director;</p> <p>g) if he or she is a shareholder, quota-holder or director of a company or other legal entity belonging to the network of the external auditor of the company;</p> <p>h) if he or she is a close relative of a person who is in any of the circumstances set forth in previous letters.</p> <p>The board of directors defines ex ante, at least at the beginning of its mandate, the quantitative and qualitative criteria for assessing the significance of the situations set forth above in letters c) and d). If the director is also a partner in a professional or a consulting firm, the board of directors assesses the significance of the professional relationships that may have an effect on his or her position and role within the professional or the consulting firm and in any event those pertaining to important transactions of the company and the group it heads, even regardless of the quantitative parameters.</p> <p>The chair of the board of directors, who has been nominated for such role according to recommendation 23, can be assessed as independent if none of the circumstances set forth above occurs. If the independent chair is member of the board committees recommended by the Code, such committees are made up in majority of independent directors, other than the chair. The independent chair of the board of directors cannot chair the remuneration committee and the control and risk committee.</p>	X			Sez. III, Par. 2.11

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
R.8	<p>The company defines the diversity criteria for the composition of the board of directors and the control body and identifies the most suitable tool for their implementation, taking into account its ownership structures.</p> <p>At least a third of the board of directors and the control body, where the latter is autonomous, is to be comprised of members of the less represented gender.</p> <p>Companies adopt measures to promote equal treatment and opportunities among genders within the entire organisation, monitoring their specific implementation.</p>	X			Sez. III, Par. 2.3
R.9	All members of the control body meet the independence requirements set out in recommendation 7 for directors. The independence assessment is carried out, with the timing and manner provided for by recommendation 6, by the board of directors or by the control body; such an assessment is based on the information provided by each member of the control body.	X			Sez. III, Par. 4
R.10	The outcome of the assessments of independence of directors and members of the control body referred to in recommendations 6 and 9 is disclosed to the market immediately after the appointment through a specific press release and, later, in the corporate governance report. In both cases, the outcome of the assessment provides information about: the criteria used for the assessment of the significance of the relationships and, in case of any deviation from the circumstances set forth in recommendation 7, a clear and detailed reason for this choice motivated by the individual situation and characteristics of the director concerned.	X			Sec. III, Parr. 2.11 and 4.1
Article 3 - Functioning of the board of directors and the role of the chair					
P.IX	The board of directors defines the rules and procedures for its functioning, ensuring an efficient flow of information to directors.	X			Sec. III, Par. 2.5 Annex 3
P.X	The chair of the board of directors plays a liaison role between executive and non-executive directors and ensures the effective functioning of the board.	X			Sec. III, Par. 2.7 Annex 5
P.XI	The board of directors ensures an adequate division of its functions and establishes board committees with preliminary, propositional and consultative functions.	X			Sec. III, Parr. 2.1 and 3
P.XII	Each director ensures adequate time commitment for the fulfilment of their board responsibilities.	X			Sec. III, Parr. 2.4 and 2.13 Annex 4
R.11	<p>The board of directors develops internal rules that define the functioning of the board and its committees, including the means for recording the minutes of the meetings and the procedures for providing information to directors. These procedures identify the prior notice for the submission of the documentation, ensuring that confidentiality issues are properly managed without affecting the timeliness and completeness of the flow of information.</p> <p>The corporate governance report provides adequate information on the main contents of the board of director's internal rules and on compliance with the procedures aimed at ensuring the timeliness and adequacy of the information provided to the directors.</p>	X			Sec. III, Par. 2.5; Annex 3

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
R.12	<p>The chair of the board of directors, with the help of the board secretary, ensures that:</p> <p>a) the pre-meeting information and the complementary information provided during the meeting are suitable to allow directors to act in an informed manner;</p> <p>b) the activity of the board committees with preliminary, propositional and consultative functions is coordinated with the activity of the board of directors;</p> <p>c) in agreement with the chief executive officer, the managers of the company and those of the companies of the group it heads, who are competent on the issues concerned, participate in the relevant board meetings to provide appropriate insights on the items on the agenda, also upon request of one or more directors;</p> <p>d) all the members of the board of directors and control body can take part, after the appointment and during the mandate, in initiatives aimed at providing them with adequate knowledge of the industry in which the company operates, the company dynamics and their evolution, also in relation to the company's sustainable success. Such initiatives also cover the risk management issues as well as any relevant part of the regulatory and self-regulatory framework;</p> <p>e) to provide for the adequacy and transparency of the board review, with the support of the nomination committee.</p>	X			Sec. III, Par. 2.7 Annex 5
R.13	<p>The board of directors appoints an independent director as lead independent director:</p> <p>a) if the chair of the board of directors is the chief executive officer or holds significant managerial powers;</p> <p>b) if the office of chair is held by the person who controls, also jointly, the company;</p> <p>c) in large companies, even in the absence of the conditions indicated in letter a) and b), if requested by the majority of independent directors.</p>			X	Sec. III, Par. 2.12
R.14	<p>The lead independent director:</p> <p>a) collects and coordinates the requests and contributions of non-executive directors and, in particular, of independent ones;</p> <p>b) coordinates the meetings of the independent directors.</p>			X	Sec. III, Par. 2.12
R.15	<p>In large companies, the board of directors expresses its guidelines on the maximum number of offices that can be considered compatible with an effective performance and the time commitment required by the role of the directors. The relevant offices are those held in corporate bodies of other listed companies and of companies having a significant size.</p>	X			Sec. III, Parr. 2.1 and 2.4

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
R.16	<p>The board of directors sets up internal committees with preliminary, propositional and consultative functions regarding appointments, remuneration and control and risks. These functions can be either assigned to the three board committees recommended by the Code or distributed in a different manner or even combined in a single committee. In any case, the company ensures an adequate disclosure on the tasks and activities carried out by each of the assigned functions, as well as an adequate composition of each committee.</p> <p>The functions of one or more committees can even be assigned to the board of directors, under the coordination of the chair, provided that:</p> <p>a) independent directors represent at least half of the board; b) the board dedicates adequate sessions to the performance of such functions.</p> <p>In the event that the functions of the remuneration committee are assigned to the board of directors, the last paragraph of recommendation 26 applies.</p> <p>Companies other than large ones may assign the functions of the control and risk committee to the board of directors even in absence of the condition set forth above in letter a).</p> <p>Companies with concentrated ownership, even large ones, can assign the functions of the nomination committee to the board of directors even in absence of the condition set forth above in letter a).</p>	X			Sec. III, Par. 3
R.17	<p>The board of directors defines the tasks of the committees and their composition, favouring the competence and experience of their members and avoiding, in large companies, an excessive concentration of offices.</p> <p>Each committee is coordinated by a chair who informs the board of directors about the committee's activities at the first useful board meeting.</p> <p>The chair of the committee may invite the chair of the board of directors, the chief executive officer, the other directors and, by informing the chief executive officer, the managers of the corporate functions that are competent on the matters of the committee meeting, to individual committee's meetings. The members of the control body can attend the meetings of each committee.</p> <p>Board committees can have access to the information and the corporate functions that are necessary for the performance of their duties. Board committees have adequate financial resources and can avail themselves of external consultants according to the conditions set forth by the board of directors.</p>	X			Sec. III, Par. 3 Annex 6
R.18	<p>The board of directors, upon proposal of the chair, provides for the appointment and dismissal of the board secretary and defines his or her professional requirements and attributes in the board's internal rules.</p> <p>The board secretary supports the activities of the chair and provides impartial assistance and advice to the board of directors on all aspects relevant to the proper functioning of the corporate governance system.</p>	X			Sec. III, Par. 2.8

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
Article 4 - Appointment of directors and board evaluation					
P.XIII	The board of directors ensures, within its competence, that the process of appointment and succession of directors is transparent and functional to achieve the optimal composition of the board according to the principles set forth in Article 2.	X			Sec. III, Par. 2.2 Annex 3
P.XIV	The board of directors periodically evaluates, through formalised procedures, its effectiveness and the contribution made by individual directors. The implementation of the board evaluation procedures is supervised by the board itself.	X			Sec. III, Parr. 2.1 and 2.13
R.19	The board of directors entrusts the nomination committee to support it on: a) the evaluation of the board and its committees; b) the definition of the optimal composition of the board and its committees; c) the identification of candidates in case of the director's co-optation; d) the possible submission of a slate by the outgoing board, ensuring the transparency of the process that led to the slate's structure and proposition; e) the development, updating and implementation of succession plan for the chief executive officer and the other executive directors.	X			Sec. III, Par. 3.1 Annex 6
R.20	The majority of directors of the nomination committee are independent.	X			Sec. III, Par. 3.1
R.21	The board evaluation assesses the size, composition and functioning of the board and its committees. It includes also the board's active involvement in the definition of the company's strategy and in the monitoring of the management of the company's business as well as the appropriateness of the internal control and risk management system	X			Sec. III, Par. 2.13 Annex 3
R.22	The board evaluation is conducted at least every three years, before the renewal of the board of directors. In large companies other than those with concentrated ownership, the board evaluation is conducted on an annual basis and can be diversified according to the term of the board's mandate. In such companies, the board considers whether to appoint an external facilitator for its evaluation at least once every three years.	X			Sec. III, Par. 2.13 Annex 3

	CODE OF CORPORATE GOVERNANCE Principles and Recommendations	Applied	Not applied	Inapplicable	Paragraph reference
R.23	<p>In companies other than those with concentrated ownership, the board of directors:</p> <ul style="list-style-type: none"> – sets forth guidelines on board composition deemed optimal before its renewal, considering the outcome of the board evaluation; – requires anyone submitting a slate with a number of candidates that is higher than half the number of members to be elected to provide adequate information on the compliance of the slate with the board guidelines mentioned above, and with the board diversity criteria set forth in principle VII and recommendation 8. In such cases, the slate also identifies its candidate for the chairmanship of the board, whose appointment is conducted according to the company's bylaws. All the information mentioned in this paragraph are disclosed in the documentation attached to the slate during its filing process. <p>The board guidelines are published on the company's website before the publication of the notice of the shareholders' meeting convened for the board's renewal. They identify the managerial and professional profiles and the skills deemed necessary, having due consideration of the company's sectoral characteristics, the board diversity criteria set forth in principle VII and recommendation 8 as well as the board guidelines on the maximum number of offices set forth in recommendation 15.</p>	X			Sec. III, Par. 2.1 Annex 4
R.24	<p>In large companies, the board of directors:</p> <ul style="list-style-type: none"> – elaborates, with the support of the nomination committee, a plan for the succession of the chief executive officer and executive directors by identifying, at least, the procedures to be followed in the event of an early termination of office; – ascertains the existence of appropriate procedures for the succession of the top management. 	X			Sec. III, Par. 2.14
	Article 5 - Remuneration				
P.XV	The remuneration policy for directors, members of the control body and the top management contributes to the pursuit of the company's sustainable success and takes into account the need to have, retain and motivate people with the competence and professionalism deemed adequate for their role.	X			Sec. III, Par. 2.15 Report on Remuneration
P.XVI	The remuneration policy is developed by the board of directors through a transparent procedure.	X			Sec. III, Parr. 2.1 and 2.15 Report on Remuneration
P.XVII	The board of directors ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the policy, considering the results achieved and any other circumstances relevant for its implementation.	X			Sec. III, Parr. 2.1 and 2.15 Report on Remuneration

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
R.25	<p>The board of directors entrusts the remuneration committee with the task of:</p> <ul style="list-style-type: none"> a) supporting it in the development of the remuneration policy; b) submitting proposals or expressing opinions on the remuneration of executive directors and other directors who hold specific responsibilities, as well as on the setting of performance objectives related to the variable component of this remuneration; c) monitoring the actual application of the remuneration policy and verifying the effective achievement of the performance objectives; d) periodically assessing the adequacy and overall consistency of the remuneration policy for directors and the top management. <p>In order to have people with adequate competence and professionalism, the remuneration of executive and non-executive directors and of the members of the control body is defined with due consideration of the remuneration practices that are common with regards to the company's reference sectors and size. It also considers comparable international practices, with the possible support of an independent consultant.</p>	X			Sec. III, Par. 3.2 Annex 6
R.26	<p>The remuneration committee is made up of non-executive directors, the majority of whom are independent, and is chaired by an independent director. At least one member of the committee has adequate knowledge and experience in financial matters or remuneration policies; such skills are assessed by the board of directors before his or her appointment.</p> <p>No director takes part in the meetings of the remuneration committee in which proposals relating to his or her remuneration are made.</p> <p>Nessun amministratore prende parte alle riunioni del comitato remunerazioni in cui vengono formulate le proposte relative alla propria remunerazione.</p>	X			Sec. III, Par. 3.2 Annex 6

	CODE OF CORPORATE GOVERNANCE Principles and Recommendations	Applied	Not applied	Inapplicable	Paragraph reference
R.27	<p>The remuneration policy for executive directors and the top management defines:</p> <p>a) a balance between the fixed and the variable component which is consistent with the company's strategic objectives and risk management policy. Consistency is assessed taking into consideration the business's characteristics and the industry of the company. The variable component has in any case a significant weight on the overall remuneration;</p> <p>b) caps to the variable components;</p> <p>c) performance objectives, to which is linked the payment of the variable components, that are predetermined, measurable and predominantly linked to the long-term horizon. They are consistent with the company's strategic objectives and with the aim of promoting its sustainable success and includes non-financial parameters, where relevant;</p> <p>d) an adequate deferral of a significant part of the variable component that has been already accrued. Such a deferral period is consistent with the company's business activity and its risk profile;</p> <p>e) provisions that enable the company to recover and/or withhold, in whole or in part, the variable components already paid-out or due, where they were based on data which subsequently proved to be manifestly misstated. The company can identify other circumstances in which such provisions are applied;</p> <p>f) clear and predetermined rules for possible termination payments, establishing a cap to the total amount that might be paid out. The cap is linked to a certain amount or a certain number of years of remuneration. No indemnity is paid out if the termination of the office is motivated by director's objectively inadequate results.</p>	X			Sec. III, Par. 2.15 Report on Remuneration
R.28	<p>The share-based remuneration plans for executive directors and the top management are aligned with the interests of the shareholders over a long-term horizon, providing that a predominant part of the plan has an overall vesting and holding period of at least five years.</p>	X			Sec. III, Par. 2.15 Report on Remuneration
R.29	<p>The remuneration of non-executive directors is adequate to the competence, professionalism and commitment required by their role within the board of directors and its committees; this remuneration is not related to financial performance objectives, except for a non-significant part.</p>	X			Sec. III, Par. 2.15 Report on Remuneration

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
R.30	The remuneration of the members of the control body is adequate to the competence, professionalism and commitment required by their role and the company's size, industry and current situation.	X			Sec. III, Par. 2.15 Report on Remuneration
R.31	<p>On the occasion of the termination of office and/or dissolution of the relationship with an executive director or general manager, a press release is published as soon as the internal processes that led to the assignment or the recognition of any indemnities and/or other benefits has been concluded.</p> <p>The press release provides for detailed information on:</p> <p>a) the assignment or the recognition of indemnities and/or other benefits, the circumstances that justify their accrual (e.g. due to the expiration of the term of office, its termination or a settlement agreement) and the decision-making process followed for this purpose within the company;</p> <p>b) the total amount of the indemnity and/or other benefits, the related components (including non-monetary benefits, the vesting of rights connected with incentive plans, the compensation for non-competitive commitments or any other remuneration allocated to any reason and in any form) and the timing of their disbursement (distinguishing the part paid immediately from the part subject to deferral mechanisms);</p> <p>c) the application of any claw-back or malus clauses;</p> <p>d) the compliance of the elements indicated in letters a), b) and c) consistently with the remuneration policy, with a clear indication of the reasons and the decision-making process followed in the event of non-compliance, even if only partial, with the policy itself;</p> <p>e) the procedures that have been or will be followed for the replacement of the executive director or the general manager whose office has been terminated.</p>	X			Sec. III, Par. 2.15 Report on Remuneration
Article 6 - Internal control and risk management system					
P.XVIII	The internal control and risk management system consists of a set of rules, procedures and organisational structures for an effective and efficient identification, measurement, management and monitoring of the main risks, aimed at contributing to the sustainable success of the company.	X			Sec. IV, Par. 1

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
P.XIX	The board of directors defines the guidelines of the internal control and risk management system in accordance with the company's strategies and annually assesses its adequacy and effectiveness.	X			Sec. III, Par. 2.1 Sec. IV, Par. 1.1
P.XX	The board of directors defines the principles concerning the coordination and the flow of information among the parties involved in the internal control and risk management system. Such principles aim at maximising the effectiveness of the system itself, reducing the duplication of activities and ensuring the successful performance of the duties of the control body.	X			Sec. III, Par. 2.1 Sec. IV, Par. 1.3
R.32	The organisation of the internal control and risk management system involves: a) the board of directors, which plays a role in guiding and assessing the adequacy of the system; b) the chief executive officer, in charge of establishing and maintaining the internal control and risk management system; c) the control and risk committee set up within the board of directors, with the task of supporting the board of directors' assessments and decisions relating to the internal control and risk management system and the approval of periodical financial and non-financial reports. In companies that adopt the "one-tier" or "two-tier" corporate model, the functions of the control and risk committee can be assigned to the control body. d) the head of the internal audit function who is in charge of verifying that the internal control and risk management system is functional, adequate and consistent with the guidelines defined by the board of directors; e) the other corporate functions involved in the internal control and risk management system (such as the risk management functions and the functions dealing with legal and non-compliance risk) which are articulated in relation to the company's size, sector, complexity and risk profile; f) the control body, which monitors the effectiveness of the internal control and risk management system.	X			Sec. IV, Par. 1.2

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
R.33	<p>The board of directors, with the support of the control and risk committee:</p> <p>a) defines the guidelines of the internal control and risk management system consistently with the company's strategies and assesses, at least once a year, the adequacy of this system with respect to the company's characteristics and its risk profile, as well as its effectiveness;</p> <p>b) appoints and dismisses the head of the internal audit function, defining his or her remuneration which is consistent with the company policies. The board ensures that he or she has adequate resources to carry out his or her duties. If the internal audit function is entrusted, as a whole or by operating segments, to an external entity, the board ensures that it meets the adequate requirements of professionalism, independence and organisation, providing adequate reasons for this choice in the corporate governance report;</p> <p>c) approves, at least on an annual basis, the work plan prepared by the head of the internal audit function, after hearing the control body and the chief executive officer;</p> <p>d) evaluates the opportunity to take measures to ensure the effectiveness and impartial assistance of the other corporate functions mentioned in recommendation 32(e). To this end, the board verifies that such functions have adequate professionalism and resources;</p> <p>e) assigns the supervisory functions pursuant to Article 6, paragraph 1, letter b), of Legislative Decree No. 231/2001 to the control body or to a body established specifically for this purpose (the so-called functions of the "Organismo di Vigilanza"). If the body does not correspond to the control body, the board of directors considers whether to appoint within the body at least one non-executive director and/or a member of the control body and/or the head of a legal or supervisory function of the company, in order to ensure coordination among the various parties involved in the internal control and risk management system;</p> <p>f) evaluates, after consultation with the control body, the results presented by the statutory auditor in any letter of suggestions and in the additional report addressed to the control body;</p> <p>g) describes, in the corporate governance report, the main characteristics of the internal control and risk management system and the methods of coordination among the subjects involved. The report provides information about the national and international reference models and best practices adopted and the board's overall assessment of the adequacy of the system itself. Moreover, it provides an adequate explanation of the composition of the control body referred to in letter e) above.</p>	X			<p>Sec. III, Par. 2.1</p> <p>Sec. IV, Par. 1.2</p>

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
R.34	<p>The chief executive officer:</p> <p>a) identifies the main business risks, considering the characteristics of the activities carried out by the company and its subsidiaries, and periodically submit them to the examination of the board of directors;</p> <p>b) implements the guidelines defined by the board of directors, providing for the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness, as well as adapting it to the dynamics of the operating conditions and the legislative and regulatory landscape;</p> <p>c) can entrust the internal audit with the tasks of carrying out specific controls on defined operational areas and on compliance with internal rules and procedures in the implementation of company transactions. Such requests are contextually conveyed to the chair of the board of directors, to the chair of the control and risk committee and to the chair of the control body;</p> <p>d) reports promptly to the control and risk committee on problems and critical issues that emerged in the performance of his or her activity or of which he or she nevertheless has information so that the committee can take appropriate actions.</p>	X			<p>Sec. III, Par. 2.9</p> <p>Sec. IV, Par. 1.2</p>

CODE OF CORPORATE GOVERNANCE Principles and Recommendations		Applied	Not applied	Inapplicable	Paragraph reference
R.35	<p>The control and risk committee is comprised of non-executive directors, the majority of whom are independent, and is chaired by an independent director.</p> <p>The committee has expertise that is consistent with the company's industry and assessment of its risks; at least one member of the committee has adequate knowledge and experience in accounting, finance or risk management.</p> <p>The control and risk committee, in assisting the board of directors:</p> <ul style="list-style-type: none"> a) assesses the external auditor and the control body, the correct application of the accounting principles and, in the case of groups, their homogeneity for the purposes of preparing the consolidated financial statement, after hearing the manager responsible for the corporate financial documents; b) assesses whether the periodic financial and non-financial information is suitable to correctly represent the company's business model, its strategies, the impact of its business and the performance achieved, in coordination with the committee mentioned in recommendation 1(a), if established; c) examines the content of the periodic non-financial information relevant to the internal control and risk management system; d) expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the board of directors' assessments and decisions relating to the management of risks deriving from prejudicial facts of which the latter has become aware e) examines the periodic and particularly relevant reports prepared by the internal audit function; f) monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function; g) can entrust the internal audit with the task of carrying out specific controls on defined operational areas. Such a request is contextually conveyed to the chair of the control body; h) reports to the board of directors, at least upon the approval of the annual and half-yearly financial report, on the activities carried out and on the adequacy of the internal control and risk management system. 	X			<p>Sec. III, Par. 3.3</p> <p>Sec. IV, Par. 1.2</p> <p>Annex 6</p>

	CODE OF CORPORATE GOVERNANCE Principles and Recommendations	Applied	Not applied	Inapplicable	Paragraph reference
R.36	<p>The head of the internal audit function is not responsible for any operational area. He or she depends hierarchically on the board of directors and has direct access to all information that is useful for carrying out his or her duty.</p> <p>The head of the internal audit function:</p> <p>a) verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the functioning and the suitability of the internal control and risk management system according to the audit schedule. The audit schedule is approved by the board of directors and is based on a structured process of analysis and prioritisation of the main risks;</p> <p>b) prepares periodic reports containing adequate information on its activity, on the ways in which risk management is conducted, as well as on compliance with the plans defined for the containment of risks. The periodic reports contain an assessment of the suitability of the internal control and risk management system;</p> <p>c) prepares promptly, at the request of the control body, reports on events of particular relevance;</p> <p>d) submits the reports referred to in letters b) and c) to the chairs of the control body, of the control and risk committee and of the board of directors, as well as to the chief executive officer, except in cases where the matter of these reports specifically concerns the activity of these subjects;</p> <p>e) verifies, as part of the audit schedule, the reliability of the information systems, including the accounting systems.</p>	X			Sec. IV, Par. 1.2
R.37	<p>The member of the control body who, on his or her own behalf or on behalf of third parties, has an interest in a specific transaction of the company, provides prompt and exhaustive information to the other members of the same body and to the chair of the board of directors about the nature, terms, origin and extent of his or her interest.</p> <p>The control body and the control and risk committee promptly exchange relevant information for the performance of their respective duties. The chair or an other member of the control body designated by its chair takes part in the meetings of the control and risk committee.</p>	X			Sec. IV, Par. 3.12

ANNEX 2

Shareholders' Meeting: Role And Functioning

1. Role and functions of the Shareholders' Meeting

Pursuant to the law and the Articles of Association, the Ordinary Shareholders' Meeting:

- approves the financial statements;
- appoints and dismisses the directors; appoints the statutory auditors and the Chair of the Board of Statutory Auditors, as well as the External Auditors, based on a reasoned proposal from the Board of Statutory Auditors;
- determines the remuneration of the directors and statutory auditors;
- resolves on the responsibility of the directors and statutory auditors;
- resolves on the other issues allocated by law to the Shareholders' Meeting;
- approves the regulations governing Shareholders' Meeting duties;

Pursuant to law, the Extraordinary Shareholders' Meeting adopts resolutions on:

- amendments to the Articles of Association;
- extraordinary transactions other than matters that, pursuant to the Articles of Association, are reserved to the Board of Directors.

Article 12 of the Articles of Association provides that the Board of Directors is competent to adopt resolutions on specific matters.

2. Convocation, validity and right to speak at Shareholders' Meetings

The Shareholders' Meeting is convened through a notice published on the Company's website at least 30 days prior to the Meeting date (or by another deadline specified by law for specific matters). In the case of a Shareholders' Meeting convened to elect members of the administration and control bodies using a list voting mechanism, the deadline for publishing the notice of meeting is 40 days prior to the date of the Shareholders' Meeting. The notice of meeting sets out the applicable regulations and describes the procedure for speaking at a Shareholders' Meeting. The Shareholders' Meeting may be attended by shareholders for whom a notification

certifying their entitlement has been provided to the Company by an authorised intermediary pursuant to applicable legislation, at the end of the business day on the seventh market day prior to the date set for the Shareholders' Meeting in a single call (the *record date*). The notification must reach Snam by the end of the third trading day prior to the date set for the Meeting convened in a single call.

Those with voting rights may be represented by written proxy within the limits established by law; notice of this proxy may be given by certified email. The relevant documents shall be kept by the Company. In order to facilitate shareholders' participation in the Shareholders' Meeting, the Company, pursuant to Article 135-undecies of TUF, shall appoint a representative whom shareholders may nominate as their proxy free of charge, giving them voting instructions on some or all of the proposals relating to the agenda items.

To facilitate shareholder participation, the Articles of Association indicate that the Company must provide shareholder associations which satisfy the pertinent regulatory requirements with space to communicate and gather proxies from employee shareholders of the Company and its Subsidiaries. The terms and procedures for gathering proxies are agreed from time to time with the legal representatives of said associations.

Shareholders may ask questions on agenda items both prior to and during the Meeting. The notice of meeting shall indicate the deadline within which any questions submitted prior to the Meeting must reach the Company.¹¹⁴ Questions arriving before the Shareholders' Meeting shall be answered during the Meeting. A policy statement is given in observance of the provisions governing price-sensitive information.

Shareholders that, either individually or jointly, represent at least one-fortieth of the share capital, may request, within ten days of the publication of the notice of meeting (or within another deadline provided for by law for specific matters), additions to the list of items to be discussed, indicating in their request the proposed additional items, or submit draft resolutions on items already on the agenda.

¹¹⁴ Pursuant to Article 127-ter of TUF, the deadline cannot be earlier than five days prior to the date of the first or single call of the Shareholders' Meeting, or to the date indicated in Article 83-sexies, paragraph 2, TUF if the notice of meeting requires the Company to provide a response to the questions received before the Meeting. In the latter case, the answers shall be provided at least two days before the Shareholders' Meeting, including through publication in a dedicated section of the Company website and the ownership of the voting right may also be certified after the submission of the questions, but no later than the third day following the date indicated in Article 83-sexies, paragraph 2, TUF. No response is required, either before or during the Meeting, to questions deposited in advance if the information requested is already available in question-and-answer format in the section of the Company website indicated in Article 127-ter, paragraph 1-bis of TUF, or if the answer has already been published pursuant to said paragraph.

ANNEX 3

Board of Directors: Appointment, term of office and functioning

1. Appointment of the Board of Directors

(i) Overview

Article 13 of the Articles of Association provides for a list voting mechanism for the appointment of the Board of Directors, which is structured in such a way as to permit the presence on the Board of Directors of directors appointed by minority shareholders, and the allocation of directors to be elected on the basis of a criterion that ensures gender balance in the Board of Directors; in particular, Article 13 of the Articles of Association, as amended on 2 February 2021, provides that at least two-fifths of the members of the Board of Directors, or any different decimal - if higher - set forth in the applicable pro-tempore provisions, shall belong to the less-represented gender¹¹⁵.

Furthermore, the Articles of Association state, with greater stringency than is required by Article 147-ter, paragraph 4 of TUF, that at least one director, if the Board of Directors is composed of no more than seven members, or at least three directors, if the Board is composed of more than seven members, must meet the independence criteria set out in the TUF¹¹⁶. The list voting mechanism applies only for the replacement of the entire Board of Directors. The Shareholders' Meeting may change the number of members on the Board of Directors, including during its term of office, provided that it remains within the limit of a minimum of five and a maximum of nine, as set out in the Articles of Association, making the relevant appointments. The term of office of directors thus elected shall expire with those in office.

Candidates meeting the independence requirements must be specifically indicated on the lists. All candidates must also meet the integrity requirements established by applicable legislation.

Lists may be submitted by shareholders that, either alone or together with other shareholders, represent the minimum percentage calculated pursuant to the regulations in force. Each shareholder may submit or contribute to the submission of only one list and may vote for one list only.

Lists are filed at the registered office by the twenty-fifth day prior to the date of the Shareholders' Meeting called to resolve on the appointment of members of the Board of Directors and made available to the public by the methods provided for by law and by the Issuers' Regulations at least twenty-one days prior to the date of the Shareholders' Meeting. In addition to the lists, the following documents must also be submitted:

- a CV for each candidate;
- statements from the candidates in which they accept their candidacy and declare, assuming full responsibility, that there are no grounds for ineligibility or incompatibility, and that they satisfy all applicable integrity and independence requirements. Appointed directors must inform the Company if they cease to meet the independence and integrity requirements or if any grounds for ineligibility or incompatibility arise.

(ii) List voting mechanism

The following is a description of the procedures for appointing members of the Board of Directors through the list voting mechanism pursuant to Article 13 of the Articles of Association:

- a) seven-tenths of the directors to be elected are taken from the list receiving the majority of the shareholders' votes (the "Majority List") in the consecutive order in which they appear on the list, rounding down to the nearest whole number if the number is a decimal;
- b) the remaining directors shall be taken from other lists (the "Minority Lists") that may not be associated in any way, including indirectly, with shareholders that submitted or voted for the list that obtained the highest number of votes; therefore, the votes obtained by said lists are divided successively by one, two or three, depending on the progressive number of directors to be elected. The quotients thus obtained shall be assigned progressively to candidates from each of these lists, according to the order shown therein. The quotients thus assigned to candidates from the different lists shall be arranged in a single de-

¹¹⁵ Paragraph 1-ter of Article 147-ter of Consolidated Financial Act, which governs the appointment of directors in such a way as to ensure a gender balance, was first replaced by Article 58-sexies, paragraph 1, of Decree-Law No. 124 of 26 October 2019, converted with amendments by Law No. 157 of 19 December 2019 and then by Article 1, paragraph 302, of Law No. 160 of 27 December 2019: as a result of this amendment, at least two-fifths of the elected directors must be of the less-represented gender. In any event, this criterion for a proportion of at least two-fifths will apply from the first renewal of the members of Snam's Board of Directors and Board of Statutory Auditors following the date of entry into force of Law No. 160 of 27 December 2019, i.e. on the date of the Company's Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2021.

¹¹⁶ Or, pursuant to Article 147-ter, paragraph 4 of TUF, the independence criteria required for statutory auditors pursuant to Article 148, paragraph 3 of the TUF.

creasing gradation. Those obtaining the highest quotients are elected. If several candidates obtain the same quotient, the candidate from the list that has not yet elected any director or that has elected the smallest number of directors will be elected. If none of these lists has yet elected a director or if all have elected the same number of directors, the candidate from the list obtaining the greatest number of votes shall be elected. If the voting on lists is tied and the quotient is also tied, a new vote by the entire Shareholders' Meeting shall be held, and the candidate winning a simple majority of votes shall be elected;

- b - *bis*) if the Majority List does not contain enough candidates to ensure that the number of directors to be elected pursuant to letter a) above can be obtained from the list, all the candidates listed will be taken from this list, according to the sequential order of the list; having then taken the other directors from the Minority Lists, pursuant to letter b) above, for the number of positions, amounting to three-tenths of the total, provided for this list, the remaining directors, for positions not covered by the Majority List, shall be taken from the list obtaining the highest number of votes among the Minority Lists (the "First Minority List") up to the capacity of this list. If there is insufficient capacity, the remaining directors will be taken, using the same procedures, from the next list (the "Second Minority List") or from any of the subsequent lists, according to the number of votes and the capacity of the lists. Lastly, if the total number of candidates included in the lists submitted, both in the Majority List and in the Minority Lists, is less than the number of directors to be elected, the remaining directors shall be elected by the shareholders' meeting by means of a resolution adopted pursuant to letter d) below;
- c) if, after applying the procedure described above, the minimum number of independent directors required by the Articles of Association is not elected, the quotient of votes to be attributed to each candidate taken from the lists is calculated by dividing the number of votes for each list by the order number of each of these candidates; non-independent candidates with the lowest quotients among the candidates taken from all the lists shall be replaced, starting from the lowest, by the independent candidates taken from the same list as the candidate being replaced (following the order in which they are listed); otherwise, they shall be replaced by persons who meet the independence criteria and appointed in accordance with the procedure described under e). If candidates taken from different lists have obtained the same quotient, the candidate from the list from which

the highest number of directors has been taken shall be replaced, or, if the numbers of directors 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 obtains the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;

- d) if the procedure described under letters a) b) and b)- bis above does not allow for compliance with the provisions in the Articles of Association on gender balance, the quotient of votes to be attributed to each candidate taken from the 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 more-represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced, notwithstanding compliance with the minimum number of independent directors, by the candidate of the less-represented gender (with the next highest order number) taken from the same list as the replaced candidate; otherwise, the candidate shall be replaced by the person appointed in accordance with the procedure described under e). If candidates from different lists have obtained the same lowest quotient, the candidate from the list from which the greater number of directors has been taken shall be replaced, or 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 obtains the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;
- e) for the appointment of directors not appointed for any reason by the above procedures, the Shareholders' Meeting shall resolve by statutory majority to ensure that the composition of the Board of Directors is consistent both with the law and with the Articles of Association.

Additional mandatory provisions of law, including regulatory provisions, shall remain applicable in any case.

2. Term of office, termination and forfeiture

Pursuant to Article 13.2 of the Articles of Association, directors may be appointed for a period not exceeding three financial years, which term expires on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term of office. They may be re-elected. Pursuant to Article 13.8 of the Articles of Association, if, during the financial year, the office of one or more directors is vacated, the provisions of law shall apply.¹¹⁷ If the majority of the directors should vacate their offices, the entire Board shall be

¹¹⁷ Pursuant to Article 2386 of the Italian Civil Code, if, during the financial year, one or more directors cease to hold office, the other directors will replace the director(s) in question by means of a resolution to be approved by the Board of Statutory Auditors, provided that the majority of the directors have been appointed by the Shareholders' Meeting.

deemed to have resigned, and a Shareholders' Meeting must be called without delay by the Board of Directors in order to replace it.

Pursuant to Article 13.4 of the Articles of Association, the Board shall evaluate, on an annual basis, the independence and integrity of the directors, as well as the lack of grounds for ineligibility and incompatibility¹¹⁸. If one of the directors does not fulfil or no longer fulfils the established independence or integrity requirements imposed by law, or if there are grounds for ineligibility or incompatibility, the Board will dismiss the director and arrange for him/her to be replaced, or will ask that he/she either removes the grounds for incompatibility within an established period of time or forfeit the office.

3. Organization and functioning of the Board of Directors

The Regulation on the functioning and organization of the Board of Directors (the "**Regulation**") identifies, in addition to the tasks attributed to the Board, the Chair and the Secretary of the Board: (i) the procedures for convening and conducting Board meetings, including the related minutes; (ii) the preparation and provision of documentation; (iii) board evaluation and board induction activities; (iv) confidentiality obligations applicable to Board members.

3.1 Meetings of the Board of Directors

The Board of Directors is convened on the dates provided for in the financial calendar and the annual schedule of meetings approved by the Board, or in other cases provided for in the Articles of Association. The financial calendar and the annual schedule of meetings are drafted by the Chair with the assistance of the Secretary, taking into account the availability of Directors and Statutory Auditors, so as to ensure their maximum attendance at Board meetings and at the Shareholders' Meeting, and are approved by the Board of Directors.

Pursuant to the Articles of Association and the Regulation, the Board of Directors is convened by the Chair or, if he/she is absent or unable to do so, by the CEO, or, finally, if he/she is absent or unable to do so, by the eldest Board member.

The notice of the meeting, signed by the Chair, is drafted in agreement with the Chief Executive Officer and indicates: (i) the place of the meeting; (ii) the ways in which it is possible to participate in the meeting by tele or videoconference or the different ways

of participating in the meeting; (iii) the date and time of the meeting; (iv) the agenda.

The notice of meeting is sent, at the request of the Chair, by the Secretary, to the Directors and Statutory Auditors, in such a way as to ensure the confidentiality of the data and information contained therein. As a rule, it is transmitted electronically by uploading it in the section of the digital portal to which members have restricted access or by e-mail to the address indicated by each recipient to the Secretary of the Board at least five days before the meeting and, in cases of necessity and urgency, at least 12 hours before the meeting.

At the beginning of each Board meeting, directors and statutory auditors are required to inform the Board of Directors and the Board of Statutory Auditors of any interest that they have, either on their own behalf or on behalf of third parties, in a given Company transaction.

The members of the Board of Directors must try to ensure attendance at the meeting for its entire duration. The members of the Board of Directors shall ensure an average attendance at Board meetings of not less than 80% of the meetings held during the financial year, unless there are justified reasons.

The Chair of the Board of Directors, with the help of the Secretary, ensures, in agreement with the CEO, that Company and Group executives, heads of company departments responsible for the subject matter, or other external persons, attend Board meetings, also at the request of individual Board members, to provide the necessary in-depth analyses on the items on the agenda. These parties shall leave the room at the start of the Board discussion, unless otherwise requested by the Chair, and shall comply with the confidentiality obligations set out in Article 13 of this Regulation.

Except in cases where the minutes are required by law to be drawn up by a notary public, the minutes of the meetings are taken by the Secretary of the Board, who may be assisted for this purpose by personnel from the Legal Department with specific skills in corporate law.

For the sole purpose of facilitating the taking of minutes of the meeting, the meetings of the Board of Directors, at the request of the Chair, may be audio-recorded; such recordings and any transcriptions shall be kept only until the relevant minutes are approved.

The minutes are drawn up in analytical form, reporting the speeches made during the Board discussion, summarized by the Secretary of the Board and

¹¹⁸ The grounds for incompatibility include the provisions of Article 2, paragraph 2, letter c) of the DPCM of 25 May 2012, as amended by the Prime Ministerial Decree of 15 November 2019, which provides that members of administrative or control bodies, as well as those with managerial functions at Cassa Depositi e Prestiti S.p.A., who have a direct or indirect professional or financial relationship with companies operating in the natural gas transportation or electricity transmission sector, at Snam, Terna S.p.A. and their subsidiaries operating in the natural gas transportation or electricity transmission sector, may not hold office at Eni S.p.A. or its subsidiaries, nor may they have any direct or indirect professional or financial relationship with said companies.

includes, in the text attached or in the Company's records, the documentation made available to the Board of Directors. The draft minutes prepared by the Secretary are previously submitted to the Chair and to the Chief Executive Officer who may provide any comments and observations. The draft minutes, as possibly integrated, are then submitted to all members of the Board of Directors and the Board of Statutory Auditors, who may submit comments and observations by addressing them to the Secretary. The Board normally approves the final text of the minutes at the following Board meeting.

3.2 Documentation

The Chair, with the assistance of the Secretary, ensures that the pre-meeting information and additional information provided during meetings are suitable to enable Directors to act in an informed manner in the performance of their duties.

Documents are made available to the Directors and the Statutory Auditors by the Secretary of the Board at least five days before the date of the meeting, except in exceptional cases. It is however understood that if the information is not made available within this deadline, adequate and punctual in-depth analyses will be guaranteed during the meeting.

The documentation shall be made available in the same way as the notice of meeting.

In the event that the corporate documentation made available for the Board meeting contains inside information, at the time it is made available the Chair with the help of the Secretary shall draw attention to the privileged nature of the documentation and to compliance with the regulatory provisions in force and the procedures adopted by the Company regarding the handling and disclosure of inside information and the prevention of market abuses.

The Director designated by State Grid Europe Limited (hereinafter also "SGEL") (if and to the extent that such Director is not independent pursuant to Article 148 of Legislative Decree No. 58/1998) shall not be provided, to the fullest extent permitted by law, with information and/or documentation of Snam relating to matters on which it has a conflict of interest on behalf of SGEL and/or any entity affiliated with it, in relation to business opportunities in which Snam, on the one hand, and SGEL and/or any entity affiliated with it, on the other hand, have an interest and competition may exist. Furthermore, the same Director may not take part in Board of

Directors' discussions concerning the aforementioned matters.

3.3 Board evaluation and board induction

The Board of Directors, with the support of the Environmental, Social & Governance Committee, carries out, at least once a year, an evaluation of the functioning of the Board itself and its Committees. The self-assessment may be carried out in different ways during the Board's term of office and may be conducted with the support of an independent advisor. The self-assessment shall focus on the size, composition and actual functioning of the Board of Directors and its Committees, also considering its role in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

Taking into account the results of the self-assessment, the Board of Directors, in view of each renewal, expresses to the shareholders a guideline on its optimal qualitative and quantitative composition. This guideline identifies the managerial and professional profiles and skills deemed necessary, also in light of the Company's sectorial characteristics and taking into account the statutory and regulatory provisions from time to time in force on gender equality.

The Chair, with the assistance of the Secretary, shall ensure that all members of the management and control bodies can take part, after their appointment and during their term of office, in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Company and its subsidiaries operate, of corporate dynamics and their evolution, also with a view to the sustainable success of the Company and the Group, as well as of the principles of correct risk management and of the regulatory and self-regulatory framework of reference (so-called board induction).

3.4. Confidentiality

Directors are bound by the confidentiality obligations applicable to them by reason of their office.

Other participants in meetings are required to observe the utmost confidentiality with regard to documents, news, information and data of which they have become aware in the performance of their duties relating to the activities of the Board of Directors. The Chair invites the participants, other than Directors, to comply with this duty.

ANNEX 4

Guidance from the Snam board of Directors to Shareholders on the future size and composition of the Board of Directors

Purpose and process followed

Pursuant to the recommendations of the Corporate Governance Code, in view of the scheduled renewal of the corporate bodies at the Shareholders' Meeting of 27 April 2022, the Board of Directors of Snam, following consultation with the Appointments Committee, has produced some considerations on the future size and composition of the Board of Directors, to be submitted to Shareholders.

These considerations – which take into account the results of the annual self-assessment process of the Board and its Committees, carried out with the support of the Environmental, Social & Governance Committee – are the result of analyses carried out by the corporate bodies according to the following procedure:

- the support of Spencer Stuart, the advisor assisting with the annual self-assessment, which, in addition to incorporating and valorizing the inputs of the outgoing Directors, having considered key elements of internal governance, Recommendations and relevant Regulation, has carried out a benchmarking exercise on the composition and size of the Boards of Directors of the main companies listed in Italy comparable to Snam;
- the proposed Guidelines submitted to the Board of Directors, prepared by the Appointments Committee;
- the approval of the Guidelines by the current Board of Directors at its meeting of 17 February 2022;
- the dissemination of this document to the market, ahead of the legal deadlines, to allow shareholders to conduct their own reflections in view of the appointment of Snam's new Board of Directors for the three-year period 2022-2024.

For the sake of completeness and for the benefit of the shareholders, the guidelines of the Board of Directors on the maximum number of offices held by directors, approved by the Board at its meeting of 17 February 2022, are also set out in this document.

Preliminary considerations

Firstly, the Board suggests ensuring, in line with corporate governance constraints and rules, an adequate continuity in the composition of the administrative body, in order to enhance the wealth of knowledge of Snam acquired by the directors, which is necessary to pursue and support the current phase of development of a well-structured and complex group which, through a sustainable and technologically advanced

network, guarantees supply security and enables our Country's energy transition.

In the future composition of the Board of Directors it is deemed necessary to give adequate visibility to key criteria for Snam such as gender, age, length of time in office, complementarity of professional and managerial experience.

In view of the Group's exposure and the importance of the energy market, including at international level, appropriate consideration has been given to including Directors with an international vocation and/or experience. However, international experience does not necessarily mean the possession of citizenship other than Italian, but rather significant professional experience abroad and/or in relevant positions in companies with high international exposure.

Size of the Board of Directors

The Board of Directors, aware of Snam's size and organizational complexity and of the positive operating dynamics emerged over the past three years, assesses positively the current size of the Board of Directors of nine Directors, the maximum provided for by the current Articles of Association and considered appropriate to allow an effective ability to work collectively, as well as an adequate composition of the Board Committees established.

Considering the governance and characteristics of the activities carried out by Snam, it also considers the current ratio between Executive Directors, Non-Executive Non-Independent Directors and Non-Executive and Independent Directors to be adequate.

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 an adequate diversity of gender, age and seniority, taking into account applicable legislative and regulatory provisions. Snam considers diversity as a value that contributes positively to the effectiveness of the actions of corporate bodies.

In the composition of the administration, management and control bodies, Snam pursues the goal of integrating different profiles, thereby recognizing, for the proper functioning of the bodies, the importance of a complementarity of experience and skills, to be combined with gender and age diversity.

Among the values embraced, Snam positively considers diversity of nationality and ethnic origin.

Shareholders are therefore invited, when preparing slates of candidate Directors, to ensure compliance with the requirements of Article 13 of the Articles of Association, including those on gender balance, which reserve at least two-fifths of the elected Directors to the less represented gender, as well as to take into account the benefits that may arise from the presence of different age and length of service on the Board of Directors.

The present Guideline opinion includes, *inter alia*, the professionalism and independence characteristics of the candidates, taking into account that their authority and competence must be commensurate with the tasks that the Directors are called upon to perform, also in light of the size and complexity of the Company, its business objectives and strategic vision.

With reference to the profiles of particular importance, the Snam Board of Directors indicates the main characteristics of the individuals called upon to fill the role of:

The Chair of the Board of Directors:

- should be a guarantee figure for all shareholders, capable of promoting team work and cohesion among the members of the Board of Directors;
- is expected to have adequate knowledge of corporate governance applicable to a listed company in Italy and to have already held such a position in companies of relevance and dimension comparable to Snam;
- should understand the non-executive nature of the role (and adhere to it) and the natural complementarity with the CEO, which leads to a cohesive and effective top management team, while respecting their respective roles.

The Chief Executive Officer

- should be a professional with wide-ranging delegated powers, a head of a company, with leadership skills and recognised strategic vision and ability;
- should have solid experience in managing complex industrial entities and should have developed significant and successful managerial experience in similar executive roles at top of large listed companies of a comparable structure and high complexity to Snam;
- should preferably have an in-depth knowledge and experience in the energy and infrastructure business, with specific reference to issues related to energy transition, climate change and technological innovation;
- should ideally possess a solid expertise in economic-financial and operational control of large complex activities;

- should also have relational skills and the credibility to interact with institutions both in Italy and internationally.

The Board of Directors suggests that with regard to the other Directors:

- they should all be Non-Executive Directors;
- at least five of them should meet the independence requirements established by law and by the Corporate Governance Code, in order to be able to effectively set up Board Committees;
- they should have the capacity for in-depth analysis and the ability to establish a dialectical relationship with management;
- they should be able to express their opinions with autonomous judgement and substantial independence;
- in the context of their respective experiences, they should have given proof to possess the following aptitudes:
 - ability to work in team;
 - balance in seeking consensus;
 - personal role awareness;
 - ability to manage conflicts in a constructive way;
 - ability to work with the management;
 - they should ensure complementarity of diverse competences to promote good debate and appropriate board discussion.

With reference to the latter point, the suggested matrix skill is that candidates for the role of Director should preferably possess one or more of the following distinctive skills and professional characteristics:

- experience in the energy business and/or specific sectors in which Snam operates (energy efficiency services, renewable energy, gas supply, infrastructure, etc.), acquired in leading institutions and/or businesses in the energy sector;
- high level of seniority managerial experience capable of interacting with top management, preferably gained in corporate contexts characterised by strategic development, transformation and extraordinary operations;
- proven expertise in finance, budgeting and risk management, with particular experience in extraordinary transactions, M&A and investments in relation to business development opportunities for external lines;
- expertise in Environmental, Social & Governance, with primary focus on social responsibility and climate change, useful to undertake and support the initiatives launched in this area by the Company;
- proven legal knowledge, with particular regard to the monitoring of regulatory issues and internal and international contracts, preferably with experience in extraordinary operations;
- proven experience in the governance of listed companies, gained in many years of positions on the corporate bodies of listed companies, possibly operating in regulated sectors, in order to enrich the Snam Board with specific skills.

For all Board members, including the Chair and CEO, the following are important and complementary to the above: authority, personal standing and strong communication skills.

Availability

All candidates Directors, when accepting their candidacy, must have carefully assessed and assured the shareholders proposing them that they will be available for the time required for the diligent performance of their responsibilities and duties, taking into account both the number and quality of the offices held on the boards of directors and/or boards of statutory auditors of other companies permitted under the "Guidelines of the Board of Directors on the maximum number of offices" set out below, and the commitment required of them by their additional work and professional activities.

It should be noted, for information purposes only, that in 2021, 13 meetings of the Board of Directors, 15 meetings of the Control and Risk and Related-Party Transactions Committee, 16 meetings of both the Remuneration and ESG Committees and 8 meetings of the Appointments Committee were held.

Guidelines of the Board of Directors on the maximum number of offices that can be held by directors

At its meeting of 17 February 2022, Snam's Board of Directors, on the recommendation of the Appointments Committee, approved guidelines on the maximum number of offices that can be held by directors.

Executive and non-executive directors:

- (i) an executive director should not hold:
 - a. an executive director position at another Italian or foreign listed company, or a company with net assets or consolidated annual turnover of more than €500 million or an equivalent amount if the company uses a different currency;
 - b. the office of non-executive director or statutory auditor (or member of another control body) at

more than three of the companies listed under *sub (i), letter a)* above. Furthermore, in the case of the CEO, they may not accept the office of director of another issuer not belonging to the same group, whose CEO is another director of the Company;

- (ii) non-executive directors (including independent directors) must not, in addition to the position held at the Company, hold:
 - a. an executive director office at more than one Italian or foreign listed companies, or companies with net assets or consolidated annual turnover of more than €500 million or an equivalent amount if the company uses a different currency, or the office of non-executive director or statutory auditor (or member of another control body) at more than three of the above companies; or
 - b. the office of non-executive director or statutory auditor (or member of another control body) at more than four of the companies listed under *sub (ii), letter a)* above.

For the purposes of calculating the maximum number of offices, positions held within Snam and its Subsidiaries and on Snam's Committees are not relevant.

The Board, in the assessments of each subjective position, to be carried out in the interest of the Company, may take into account the specific circumstances and professional commitments (not limited to the holding of office) of the individual Director, both to allow for any exemptions from the limits of offices, and to provide for any reduction of the maximum number of offices that can be held. If appropriate, the Board of Directors will invite the Director to take the consequent decisions.

The expected participation of individual Directors in the meetings of the Board of Directors and Board Committees during the financial year shall not be less than 80%, unless justified.

ANNEX 5

Chair of the Board of Directors: role

In accordance with the powers assigned by law and the regulatory framework, the Chair is the non-executive figure of guarantee who ensures and promotes the proper functioning and continuous improvement of corporate governance rules.

The powers of the Chair of the Board of Directors are as follows:

- pursuant to Article 2381, paragraph 1, of the Italian Civil Code, the Chair of the Board of Directors convenes meetings of the Board of Directors, sets the agenda with the agreement of the Chief Executive Officer, coordinates its work supervising its proper functioning and ensures that directors are provided with adequate information on agenda items;
- the Chair of the Board of Directors verifies the implementation of the Board's resolutions;
- pursuant to Article 19 of the Articles of Association, the Chair has powers to represent the Company in respect of any legal or administrative authority and in respect of third parties, and also has powers of signature, with the agreement and in coordination with the Chief Executive Officer; any undertaking on behalf of the Company shall be agreed in advance;
- pursuant to Article 14.2 of the Articles of Association, the Chair of the Board of Directors: *(i)* chairs the Shareholders' Meeting, fulfilling the duties assigned by law and by the meeting regulations, and ensuring on this occasion the relations with the shareholders and the competent authorities and the proper course of the Shareholders' Meeting; *(ii)* convenes and chairs, sets the agenda for and coordinates the work of meetings of the Board of Directors; and *(iii)* ensures that the directors are provided with adequate information on the items on the agenda;
- pursuant to Article 16.1, paragraph 2 of the Articles of Association, the Board of Directors, on the recommendation of its Chair, with the CEO's agreement, may also delegate responsibility for individual acts or categories of acts to other members of the Board of Directors. The Chair and the CEO, within the limits of the powers attributed to them, may delegate responsibilities and powers of representation of the Company for individual acts or categories of acts to employees of the Company and also to third parties;
- pursuant to Article 16.2 of the Articles of Association, the Board of Directors, on the CEO's recommendation with the Chair's agreement, may appoint one or more General Managers, defining their powers, having first ascertained that they meet the legally prescribed requirements for integrity;
- pursuant to Article 16.4, paragraph 1 of the Articles of Association, the Board of Directors, on the CEO's recommendation with the Chair's agreement, and with the prior approval of the Board of Statutory Auditors, may appoint the Financial Reporting Officer;
- the Board of Directors, on the recommendation of the CEO, with the agreement of the Chair of the Board of Directors, having received the approval of the Control and Risk Committee and following consultation with the Board of Statutory Auditors, appoints and dismisses the Head of Internal Audit and, following prior verification with the Remuneration Committee, sets their remuneration in line with the Company's remuneration policy; ensures that they are given the appropriate resources to fulfil their responsibilities;
- pursuant to the Appointments Committee Regulation, on the recommendation of the CEO and approval from the Chair of the Board of Directors, it submits to the Board candidates for the corporate bodies of the Subsidiaries included in the scope of consolidation and of strategic foreign investee companies;
- pursuant to Article 3.1.2. of the Company's 231 Model, the composition of, and changes and additions to, the Supervisory Body have been approved by resolution of the Board of Directors, after consultation with the Control and Risk Committee and the Board of Statutory Auditors, on the CEO's recommendation with the agreement of the Chair of the Board of Directors;
- the Chair of the Board of Directors promotes the activities of the Committees and coordinates and avails himself of: *(i)* the secretary of the Board of Directors, for Board inductions and Board evaluations and all activities relating to the Shareholders' Meeting, the Board of Directors, the Committees and - insofar as necessary - the control body; and *(ii)* the Head of Internal Audit, for activities within the purview of the Internal Audit function, which reports to the Board of Directors;
- the Chair of the Board of Directors also performs the further duties indicated in the Corporate Governance Code approved by the Corporate Governance Committee relating to the role of the Chair of the Board of Directors;
- in representing the Company, including by means of the relevant communications, the Chair

of the Board of Directors is assisted by the director of institutional relations and communication (EVP Government Affairs, Corporate Social Responsibility and Communications);

- the Chair of the Board of Directors and the Chief Executive Officer mutually authorise the expenses incurred;
- the Chair of the Board of Directors initiates and supervises the application of the corporate governance rules concerning the activities and functioning of the corporate bodies.

Furthermore, in accordance with the Engagement Policy (see Paragraph 6.1, Section III of this Report), the Chair - in coordination with the Chief Executive Officer, the Investor Relator and the Secretary - evaluates the identification of the Directors to be involved in the dialogue and informs the Board of Directors of the development and significant contents of each dialogue within the first useful meeting, as well as - in agreement with the ESG Committee - submitting to the Board any proposals to modify or integrate the Engagement Policy.

ANNEX 6

Board committees: functions

Remuneration Committee

The Remuneration Committee:

- a) supports the Board of Directors in the drafting of the policy for the remuneration of directors, general managers, executives with strategic responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, members of the board of statutory auditors, also taking into account the remuneration practices widespread in the reference sectors and for companies of similar size, also considering comparable foreign experiences and availing itself, if necessary, of an independent advisor;
- b) reviews the vote on the Remuneration Report taken by the Shareholders' Meeting in the previous financial year and expresses an opinion to the Board of Directors;
- c) formulates proposals regarding the remuneration of the Chair and the Chief Executive Officer or any additional directors holding particular offices, with regard to the various forms of remuneration and economic treatment, including the setting of performance targets linked to the variable component of that remuneration, where applicable;
- d) supports the Board of Directors in determining the remuneration of the members of the committees set up within the Board of Directors;
- e) examines information reported by the Chief Executive Officer and proposes – with the aim of promoting sustainable value creation in the middle-long term: *(i)* general criteria for the remuneration of key management personnel, *(ii)* annual and long-term incentive plans, including share-based plans, and *(iii)* general guidelines for the remuneration of other managers of Snam and its Subsidiaries;
- f) proposes the definition of performance targets, that include indicators relating to ESG factors identified in agreement with the ESG Committee, the aggregation of company results, the definition of clawback clauses related to the implementation of incentive plans;
- g) proposes the definition, in relation to directors with powers, of: *(i)* the indemnification to be paid in the event of termination of their employment, and *(ii)* non-competition clauses;
- h) periodically evaluates the adequacy, overall consistency and practical application of the Remuneration policy, preparing proposals on this subject to the Board;
- i) performs any duties that may be required by the procedure on related-party transactions implemented by the Company, in the case of transactions concerning the remuneration of directors and executives with strategic responsibilities at Snam;
- j) proposes to the Board of Directors, subject to the favourable opinion of the Risk Control and Related Party Transactions Committee and after consulting the Board of Statutory Auditors, temporary exceptions to the contents of the Remuneration Policy, in compliance with the provisions of Arti-

cle 123-ter, paragraph 3-bis, of Legislative Decree 58/98;

k) provides a report on the manner in which its functions are exercised to the Shareholders' Meeting called to approve the financial statements, through the Chair or another member designated by the latter

l) monitors the application of the decisions adopted by the Board of Directors on what the Board has resolved following the exercise of the Committee's proposal, consultation and investigation functions;

m) reports to the Board of Directors on its activities at least every six months and not after the deadline for approval of the financial statements and the half-year report, at the Board meeting indicated by the Chair of the Board of Directors; in any event, after each of its own meetings, the Chair of the Committee updates the Board of Directors at the next convenient meeting on the activities performed and the observations, recommendations and opinions formulated by the Committee.

Appointments Committee

The Appointments Committee provides the following consultative and advisory functions to the Board of Directors:

a) defines the optimal composition of the Board of Directors and its committees with a view to the elaboration by the Board of Directors, in view of each renewal, of a guideline on the quantitative and qualitative composition of the Board considered appropriate, taking into account the results of the self-assessment;

b) proposes to the Board of Directors candidates for the position of director, should the office of one or more directors be vacated during the year (Article 2386, paragraph 1 of the Italian Civil Code), ensuring compliance with the requirements for the minimum number of independent directors and for the quota reserved for the less-represented gender;

c) prepares, updates and implements the succession plan for the CEO and any other executive directors, which at least identifies the procedures to be followed in the event of early termination of office (contingency plan);

d) on the proposal of the CEO, in agreement with the Chair, it submits to the Board of Directors the candidates for the Boards of Directors of the Subsidiaries included in the scope of consolidation and the strategic investee companies. The proposal made by the Committee is necessary;

d-bis) In order to support the process of identifying candidacies:

1. in January and July of each calendar year a plan is submitted to the Committee detailing the appointments that will be submitted to it for review during the half year;

2. during the year, before the call notice of each Committee meeting to examine the proposed candidacies is submitted to the Chair's signature, the names and curricula vitae of the candidates are submitted to the attention of the Chair, who examines these proposals and may, where deemed necessary, request meetings and interviews with the candidates.

The candidacies brought to the attention of the Committee must comply with the requirements laid down in Annex B "Designation of members of the administrative and control bodies of the subsidiaries and investee companies" of the "Corporate Governance" Guidelines adopted by the Board of Directors and pro tempore in force as follows: (i) the mix of skills required for the office to be held; (ii) the managerial experience gained and the company role, also in relation to the context in which the company whose members are being appointed operates; (iii) the commitment required to fulfil duties, in relation to positions previously held; (iv) the advisability of rotation in the positions; and (v) representation of the less represented gender;

d-ter) periodically and in any case at least once a year, the Committee analyses the identification of the strategic investee companies and, where deemed appropriate, makes proposals to the Board of Directors;

e) examines the candidacies for the appointment of the Senior Vice President of Internal Audit, giving the Board of Directors its opinion; the review of the candidacies is carried out, where deemed appropriate, through meetings with the candidates held by the Chair together with the Chair of the Control, Risk and Related Party Transactions Committee. The Chair of the Board of Statutory Auditors is invited to these meetings;

f) prepares and proposes: (i) procedures for the annual evaluation of the Board of Directors and its Committees, (ii) directives concerning limitations and restrictions for the accumulation of positions by directors of Snam and its Subsidiaries, and (iii) criteria for assessing both the requirements of professionalism and independence of the Directors of Snam and its Subsidiaries and the competing activities performed;

g) submits opinions to the Board of Directors on the size and composition of the Board and makes recommendations on the managerial and professional profiles deemed appropriate for appointment to the Board;

h) examines and assesses the methods used to prepare succession plans for the Company's key management personnel;

i) reports to the Board of Directors on the activities carried out, at least every half-year and not beyond the deadline for approval of the annual and half-year reports; in addition, after each of its own meetings, the Committee updates the Board of Directors at the next convenient meeting on the matters addressed and the observations, recommendations and opinions formulated.

Control and Risk and Related-Party Transactions Committee

The Control and Risk and Related-Party Transactions Committee performs the following functions:

a) evaluates, with the agreement of the Financial Reporting Officer, the External Auditors and the Board of Statutory Auditors, the proper use of accounting standards and their consistency for the purposes of preparing the consolidated financial statements;

b) assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, the impact of its activities and the performance achieved, in coordination with the Company's Environmental, Social and Governance Committee;

c) examines the content of periodic non-financial information relevant to the internal control and risk management system;

d) issues opinions on specific aspects relating to the identification of the main risks faced by the Company and supports the evaluations and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the Board of Directors has become aware;

e) examines the periodic reports as well as those of particular importance prepared by the Senior Vice President Internal Audit;

f) monitors the independence, suitability, effectiveness and efficiency of the Internal Audit function;

g) may entrusts the Senior Vice President Internal Audit conduct inspections of specific operational areas, giving notice of this to the Chair of the Board of Statutory Auditors, the Chair of the Board of Directors and the Chief Executive Officer;

h) expresses its opinion on proposals made by the Director in charge of the internal control and risk management system, in agreement with the Chair, to the Board of Directors: (i) relating to the appointment, dismissal and remuneration of the

Senior Vice President Internal Audit, in line with the Company's remuneration policies, (ii) intended to ensure that this person has adequate resources to fulfil his/her duties;

i) adopts the appropriate initiatives in the event that it receives news and/or information from the Chief Executive Officer regarding problems and critical issues that have emerged in the performance of the activities of the latter, as the person in charge of setting up and maintaining the internal control and risk management system, or of which the Chief Executive Officer has become aware.

The Committee also supports the Board of Directors in order to:

a) define the guidelines for the internal control and risk management system, including the medium- and long-term risks – in line with the Company's strategies – so that the main risks – including, in coordination with the Environmental, Social & Governance Committee, those risks that may be relevant in terms of sustainability, including for the purposes of preparing non-financial information – concerning the Company and its Subsidiaries are correctly identified and adequately measured, managed and monitored, as well as determine the degree of compatibility of such risks with management that is consistent with the strategic objectives identified;

b) periodically evaluate, at least annually, the adequacy and effectiveness of the internal control and risk management system with respect to the characteristics of the Company and the risk profile it has adopted;

c) periodically approve, at least once a year, the Audit Schedule prepared by the Senior Vice President Internal Audit, after having consulted the Board of Statutory Auditors and the Chief Executive Officer;

d) assess the appropriateness of adopting measures to ensure the effectiveness and impartiality of judgement of the other corporate functions involved in controls (such as risk management, legal risk and non-compliance monitoring functions), verifying that these functions have adequate professionalism and resources;

e) decide on the composition, amendments and additions to the supervisory body pursuant to Article 6(1)(b) of Legislative Decree no. 231/2001

f) describe, in the Report on Corporate Governance and Ownership Structure, the main features of the internal control and risk management system of the the coordination procedures between the actors involved, with an indication of the relevant national and international best practices, as well

as the overall evaluation on the adequacy of the system and the information on the decisions made on the composition of the supervisory body referred to in the previous point;

- g) evaluate, after consulting the Board of Auditors, the conclusions presented by the External Auditors in the possible letter of suggestions and in the additional report to the statutory auditors.

The Committee also performs the additional tasks assigned to it by the Board of Directors on transactions with interests of directors and statutory auditors and transactions with related parties, in accordance with the terms and procedures indicated in the Guidelines annexed to the Regulation.

Environmental, Social & Governance Committee

The Environmental, Social & Governance Committee provides the following consultative, preliminary and advisory functions to the Board of Directors:

- a) examines: the Company's policies on human rights, business ethics and integrity, diversity and inclusion;
- b) supports the Board of Directors in carrying out the analysis of issues relevant to the generation of long-term value for the purposes of the examination and approval of the Company's and the Group's business plan by the Board of Directors, and in particular examines: *(i)* integration policies in the business model of environmental, social and governance issues, including through the analysis of the relevant KPIs; *(ii)* the initiatives undertaken by the Company to address climate change issues and the relevant reporting; *(iii)* the sustainability guidelines, objectives and consequent processes and the sustainability reports submitted annually to the Board of Directors (including the non-financial statement); *(iv)* the correct use of the standards adopted for the purposes of preparing non-financial reporting and the document to be submitted for the approval of the Board of Directors, including and in coordination with the Control and Risk and Related-Party Transactions Committee, the report on risks related to ESG factors in the medium to long term; *(v)* proposals and/or opinions relating to the definition and calculation of performance objectives that include indicators relating to ESG factors, in coordination with the Remuneration Committee; *(vi)* the policy for managing dialogue

with shareholders in general, formulated on the proposal of the Chair of the Board of Directors in agreement with the Chief Executive Officer, as well as the periodic verification of the correct application of the policy itself, where adopted; *(vii)* sustainable finance initiatives;

- c) monitors the alignment of Snam's corporate governance system with national and international best practices, formulating proposals for the Board of Directors;
- d) upon request of the Board of the Board of Directors, it supports the latter in the possible drafting of reasoned proposals to be submitted to the Shareholders' Meeting on the following issues: *(i)* the choice and characteristics of the corporate model; *(ii)* the structure of the administrative and equity rights of the shares; *(iii)* the percentages established for the exercise of the prerogatives to protect minorities;
- e) monitors: *(i)* the Company's positioning in financial markets with regard to sustainability, with particular reference to the Company's positioning in ethical sustainability indices; *(ii)* international ESG initiatives and the Company's participation in these, aimed at strengthening its international reputation;
- f) draws up and proposes to the Board diversity policies within the meaning of letter (d- bis) of Article 123-bis of TUF;
- g) reviews the Company's profit and non-profit strategy and its gas advocacy initiatives;
- h) provides instructions on board review activities, making the relevant proposals to the Board of Directors;
- i) expresses, at the Board of Directors' request, opinions on other matters relating to sustainability;
- j) reports to the Board of Directors on activities carried out, at least every half-year and not beyond the deadline for approval of the financial statements and the half-year report, at the Board meeting indicated by the Chair of the Board of Directors; in addition, after each of its own meetings, the Committee updates the Board of Directors at the next convenient meeting on the matters addressed and the observations, recommendations and opinions formulated.

ANNEX 7

Board of Statutory Auditors: appointment and functions

1. Meetings of the Board of Statutory Auditors

Overview

Pursuant to Article 20 of the Articles of Association, Snam's Board of Statutory Auditors is composed of three standing auditors and three alternates appointed by the Shareholders' Meeting for three financial years. They may be re-elected at the end of their term of office.

Statutory auditors are chosen from among persons who meet the professionalism and integrity requirements indicated in Ministry of Justice Decree No. 162 of 30 March 2000. For the purposes of the aforementioned decree, the subjects strictly related to the Company's activities are: commercial law, business economics, corporate finance. Likewise, the sector pertaining strictly to the Company's business is the engineering and geology sector.

Statutory auditors may not hold more than the maximum number of positions permitted by the applicable legislation. In any event, pursuant to Article 2, paragraph 2, letter c) of the DPCM 2012, as amended by the Prime Ministerial Decree of 15 November 2019, the statutory auditors may not be members of the administrative or control bodies, or hold senior management positions, at Eni S.p.A. and its subsidiaries, nor may they have any direct or indirect professional or financial relationship with said companies.

As per the provisions laid down for the Board of Directors and in accordance with the applicable provisions, the Articles of Association provide that the statutory auditors must be appointed by list voting, unless they are replaced during their term of office. Furthermore, Article 20 of the Articles of Association – as amended on 23 October 2019 – provides that one standing auditor and one alternate auditor shall belong to the less-represented gender¹¹⁹.

In the lists submitted by shareholders, the candidates must be listed by consecutive number and their

number must not be greater than the number of members of the body to be elected. The rules for filing, submitting and publishing the lists are the same as for the election of directors (see Section III, Paragraph 2.1). Each shareholder may submit or be involved in submitting only one list and may vote on only one list, according to the terms laid down in the applicable legislative and regulatory provisions.

Only shareholders that, alone or together with other shareholders, represent at least 2% or are collectively holders of the different shareholding in the share capital set by applicable legislation. Each candidate may appear on only one list; otherwise their candidacy is declared void.

Lists are divided into two sections: the first for candidates for the office of standing auditor, and the second for candidates for the office of alternate auditor. At least the first candidate in each section must be included in the Register of Auditors and must have a minimum of three years' experience as an external auditor.

In order to comply with the applicable law on gender balance, lists with candidates for both sections which contain three or more candidates submitted for the appointment of the majority of the Board of Statutory Auditors' members must contain candidates of each gender in the section for the appointment of standing auditors, in accordance with the notice of meeting of the Shareholders' Meeting. Where the list contains only two candidates, one must be male and the other female.

Lists for appointing statutory auditors, together with information on the candidates and information on the identity of the shareholders submitting said lists and the percentage equity interest owned, must be made available to the public in the form provided for by the applicable legislation. Additional mandatory provisions of law, including regulatory provisions, shall remain applicable in any case.

¹¹⁹ Paragraph 1-ter of Article 147-ter of the Consolidated Financial Act, which governs the appointment of directors in such a way as to ensure a gender balance, was first replaced by Article 58-sexies, paragraph 1, of Decree-Law No. 124 of 26 October 2019, converted with amendments by Law No. 157 of 19 December 2019 and then by Article 1, paragraph 302, of Law No. 160 of 27 December 2019: as a result of this amendment, at least two-fifths of the elected directors must be of the less-represented gender. Pursuant to Article 144-undecies.1 of the Issuers' Regulations, if the application of the gender quotas criterion does not result in a whole number of members of the administration or control bodies belonging to the least represented gender, this number is rounded up to the next higher unit, with the exception of corporate bodies made up of three members for which the rounding is made down to the next lower unit. In any event, this criterion for a proportion of at least two-fifths will apply from the first renewal of the members of Snam's Board of Directors and Board of Statutory Auditors following the date of entry into force of Law No. 160 of 27 December 2019, i.e. on the date of the Company's Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2021.

List voting mechanism

The procedure for appointing the Board of Statutory Auditors by list voting mechanism, as provided for by Article 20 of the Articles of Association, is described below.

Two standing auditors and two alternates auditor are taken from the list that obtains the majority of the votes. The other standing auditor, who will assume the role of Chair, and the other alternate auditor are appointed according to the methods laid down in Article 13.5, letter b) of the Articles of Association for the election of directors, which are to be applied separately to each of the sections into which the other lists are divided.

In the event that, *mutatis mutandis*, a situation analogous to that provided for in Article 13.5, letter *b-bis*) of the Articles of Association should arise, the procedures indicated in letter *b-bis*) shall apply, both for standing auditors and for alternate auditors, insofar as they are compatible with current legislation and with the provisions of the aforementioned Article 20 of the Articles of Association.

Where following the above procedure fails to ensure compliance with the criterion for gender balance for standing auditors provided in Article 20 of the Articles of Association, 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 more-represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced by the candidate of the less-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 that he/she has just been replaced by). If this fails to ensure compliance with the law on gender balance, the candidate is replaced by the person appointed by statutory majority at the Shareholders' Meeting, in such a way as to ensure that the composition of the Board of Statutory Auditors complies with the law and the Articles of Association.

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, 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.

If the auditor drawn from the minority lists is replaced, the alternate auditor drawn from the latter takes over.

In the event of the replacement of a statutory auditor from the list obtaining the majority of the votes, he/she is replaced by the alternate auditor from the same list; if the replacement does not allow the observance of the gender quotas criterion laid down in the Articles of Association, the second alternate auditor taken from the same list takes over.

The list voting procedure only applies in the event of renewal of the entire Board of Statutory Auditors.

2. Functions

Pursuant to Article 149, paragraph 1, of TUF, the Board of Statutory Auditors oversees:

- compliance with the law and with the deed of incorporation;
- respect for the principles of proper administration;
- the adequacy of the Company's organisational structure in relation to its remit, the internal control system and the administrative and accounting systems, as well as the reliability of the latter in properly representing operational events;
- procedures for the implementation of the rules established by the Corporate Governance Code;
- the adequacy of the Company's instructions to its Subsidiaries pursuant to Article 114, paragraph 2, of TUF.

Pursuant to Article 19 of Legislative Decree No. 39 of 27 January 2010, as amended by Legislative Decree No. 135 of 17 July 2016, the Board of Statutory Auditors also performs supervisory functions in its capacity as the *Internal Control and Audit Committee*, overseeing in particular:

- the financial reporting process;
- the effectiveness of the internal control, internal audit and, if applicable, risk management systems;
- the independent audit of the annual financial statements and consolidated financial statements;
- the independence of the External Auditors, particularly with regard to the provision of non-audit services to the entity subject to audit.

Following notification of the Chair of the Board of Directors, the Board of Statutory Auditors may call Shareholders' Meetings and Board of Directors' meetings. The power to convene meetings of the Board of Directors may be exercised individually by each member of the Board of Statutory Auditors; the power to convene Shareholders' Meetings must be exercised by at least two members of the Board of Statutory Auditors.

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