

# Information Document 2020-2022 Long-Term Share-Based Incentive Plan

Amendments to points 1.4, 2.2, 3.6, 3.7, 3.8, 4.5 and 4.24



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## Information Document

Prepared pursuant to Article 114-*bis* of Legislative Decree no. 58 of 24 February 1998 (the “Consolidated Law on Finance” or “TUF”) and Article 84-*bis* of the Regulation adopted by Consob with Resolution 11971 of 14 May 1999 as subsequently supplemented and amended (the “Issuers’ Regulation”)

## INTRODUCTION

This Information Document is prepared by Snam S.p.A. in accordance with Article 84-*bis* of the Issuers' Regulation and in line with the indications given in the related Annex 3A – Scheme 7, with the aim of informing its shareholders and the market about the proposed adoption of the 2020-2022 Long-Term Share-Based Incentive Plan (the “Share-Based Plan” or the “Plan”), approved by Snam's Board of Directors on 18 March 2020, in accordance with Article 114-*bis* of the Consolidated Law on Finance and by the Ordinary Shareholders' Meeting held on 18 June 2020.

The update to this information document, with reference to points 1.4, 2.2, 3.6, 3.7, 3.8, 4.5 and 4.24 approved by the Board of Directors of Snam on 17 March 2021, will then be submitted, pursuant to Article 114-*bis* of the TUF, for approval by the Ordinary Shareholders' Meeting called on 28 April 2021, in a single call.

Since 2010, Snam has been using, as resolved annually by the Board of Directors on the proposal of the Remuneration Committee, a long-term incentive plan for the Chief Executive Officer and the roles most directly impacting the company results, in order to better align their performances with the company objectives over the medium to long term.

In 2020, in line with the previous three-year period and with a view to laying the basis for a better alignment of long-term variable remuneration with the primary objective of creating value for shareholders, the Remuneration Committee proposed that the Board of Directors adopt, for a some managers and key roles, a plan based on the attribution of ordinary shares in the Company (referred to as “Performance Shares”), to be implemented following the approval of the Shareholders' Meeting.

The document presents the methods and implementation clauses valid for the second (2021-2023) and third (2022-2024) allocation cycles of the new Share-Based Plan. The Plan, the new Share-Based Plan, which, in the light of the inclusion of an indicator measuring value creation, in the form of added value, guarantees yet greater alignment between management's actions and the shareholders' interests.

It should be noted that the substantial terms and conditions of the Share Plan remain unchanged, only one of the performance conditions of the instrument relating to the reduction of natural gas emissions (10% weight) having been modified.

The Share-Based Plan applies to Snam and to its Subsidiaries and should be considered “particularly important” pursuant to Article 84-*bis*, paragraph 2 of the Issuers' Regulation, insofar as it is also aimed at the subjects identified by Article 114-*bis* of the Consolidated Law on Finance, Snam's Chief Executive Officer and “Managers with Strategic Responsibilities”.

This Information Document is available to the public at Snam's registered office and on Company website [www.snam.it](http://www.snam.it) (section “Governance & Conduct - Shareholders Meeting”); it is also made available in the manner indicated by Article 84-*bis* of the Issuers' Regulation.

# DEFINITIONS

**Added Value:** the generation of regulated business value, calculated as the change in RAB in the reference period, added to dividends distributed and treasury shares bought back and reduced by the change to net debt

**Adjusted net profit:** the net profit obtained, excluding special items, inventory gains/losses and – to determine the net profit of business segments – financial income and expense relating to net financial debt or to non-hedging derivatives other than those based on commodities and exchange differences the net profit obtained by excluding the special items from the reported net profit. Income components are classified among special items, if significant, when: (i) they result from non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (ii) they result from events or transactions which are not representative of the normal course of business.

**Beneficiaries:** the recipients of the Plan

**Board of Directors:** the Board of Directors with the members in office over time.

**Chief Executive Officer:** Snam S.p.A.'s Chief Executive Officer

**Clawback:** the contractual mechanisms whereby all or part of the shares assigned can be returned if it is ascertained that assignment was brought about through negligence or wilful misconduct or in any case conduct in breach of the reference rules (whether corporate, legal, regulatory or from any other source) by the Beneficiary, or where said objectives were achieved on the basis of data that was thereafter found to be clearly incorrect.

**Consolidated Law on Finance ("TUF"):** the "Consolidated Law on Financial Intermediation Provisions" is Legislative Decree no. 58 of 24 February 1998 (as subsequently amended). The TUF introduced "principle-based" legislation on financial matters, which at the primary legislative level establishes only general guidelines, leaving the definition of detailed rules to the Supervisory Authorities (e.g. CONSOB).

**Dividend equivalent:** an additional number of shares assigned to beneficiaries at the end of the vesting period, equivalent to ordinary and extraordinary dividends distributed by Snam during the vesting period which would have been due on the number of shares actually assigned to the beneficiaries based on performance levels achieved under the terms and conditions of the Plan.

**ESG metric:** metric aimed at increasing Group sustainability on various dimensions; in particular with regard to social, environmental and gender diversity. The indicator is represented by two different parameters aimed, on the one hand, at appreciating the reduction of natural gas emissions and, on the other, at guaranteeing a fair representation of the gender that is less present among Snam's management team.

**Incentive attributed:** the number of shares attributed to Beneficiaries in the event that the target level is reached and which can effectively be assigned at the end of a pre-determined period (vesting period) according to pre-established performance and retention conditions.

**Incentive assigned:** the number of shares actually assigned to beneficiaries at the end of the predetermined period (vesting period) in an amount related to performance levels achieved under the terms and conditions established by the Plan.

**Issuers' Regulation:** Consob Regulation 11971 of 14 May 1999 (as subsequently amended), containing the rules applicable to entities issuing financial instruments.

**Lock-up:** the time period during which the assigned shares are subject to restrictions of sale and/or transfer.

**Managers with Strategic Responsibilities (MSR):** the persons who have the power and responsibility, directly and indirectly, for planning, managing and controlling the Company's business, including Directors (executive or otherwise), as identified under Article 65, paragraph 1-quater of the Issuers' Regulation, which refers to the definition given in Annex 1 to Consob Regulation 17221 of 12 March 2010 setting out provisions on related-party transactions, as subsequently amended. As at the date on which this new version of the Information Document is published, Snam's Managers with Strategic Responsibilities, apart from Directors and Auditors, are the following: Chief Energy Transition Officer; Chief Financial Officer & Chief International & Business Development Officer; Chief Industrial Assets Officer; General Counsel; Executive Vice President Human Resources & Organization & PFM.



**Maximum level<sup>1</sup>:** this represents the result level which, upon achievement, gives entitlement to receive 133% of the attributed incentive (cap) and above which no further over-achievement is acknowledged.

**Minimum level<sup>1</sup>:** this represents the result level which, upon achievement, gives entitlement to receive 67% of the incentive attributed (threshold) and below which the Plan does not provide for the assignment of any incentive.

**Performance Period:** three-year period that includes the fiscal year of the date of attribution of the incentive, as well as the two subsequent fiscal years.

**Regulation:** the document approved once a year by the Board of Directors, on the proposal of the Remuneration Committee, which regulates, with reference to each three-year cycle of the Plan, the conditions for each annual attribution of the Share-Based Plan.

**Relationship:** the administrative or employment relationship in place between the Beneficiary and Snam S.p.A.

**Remuneration Committee:** consists of three non-executive directors, two of whom shall be independent (one of whom is chosen as Chairman), in accordance with the Corporate Governance Code, and provides recommendations and advice to the Board of Directors in relation to the remuneration of Directors and Managers with Strategic Responsibilities. In particular, the Committee submits the Report on Remuneration and Fees paid to the Board of Directors and makes proposals concerning the remuneration of directors with delegated responsibilities and members of Board Committees.

**Share-Based Plan or Plan:** the long-term share-based incentive plan comprising this document and its implementing documentation.

**Share(s):** ordinary share(s) issued by Snam S.p.A., listed on the telematic stock market (MTA) of Borsa Italiana S.p.A., code ISIN IT0003153415.

**Shareholders' Meeting:** the Ordinary Shareholders' Meeting

**Subsidiaries:** companies controlled by Snam S.p.A. pursuant to Article 2359 of the Civil Code.

**Target level<sup>1</sup>:** this represents the result level, which, upon achievement, gives entitlement to receive 100% of the incentive attributed (target).

**Vesting (vesting period):** period running between the allocation and completion of the ownership of the right to receive the share-based reward.

<sup>1</sup> The data are rounded up to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for representative convention purposes only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's long-term equity incentive plan for 2020-2022 (2020-2022 cycle)

## 1. BENEFICIARIES

### 1.1 Names of beneficiaries who are members of the Board of Directors or the management board of the issuer of financial instruments, of the companies controlling the issuer and of the companies it controls directly or indirectly

The Plan applies to Snam's Chief Executive Officer, a position currently held by Marco Alverà. If the beneficiaries pursuant to point 1.2 below should be subjects for whom, in accordance with current provisions of regulations, named identification should be required, also in relation to the office of Director potentially held in Subsidiaries, the Company will disclose such information to the market when making the communications laid down in Article 84-*bis*, paragraph 5 of the Issuers' Regulation.

### 1.2 Categories of employees or collaborators of the issuer of financial instruments and of the companies controlling or controlled by said issuer

The Plan is intended for Snam's managers and key roles and those of the Subsidiaries, identified individually by Snam's Chief Executive Officer from those holding roles that can most impact the achievement of the medium-/long-term business results or of strategic importance in terms of achieving Snam's longterm objectives, as well as any other positions identified actual performances, individual skills or retention needs in terms, up to a maximum of 100 beneficiaries.

### 1.3 Names of the beneficiaries of the plan belonging to the following groups:

- a) **general managers of the issuer of financial instruments;**  
Not applicable insofar as there are no other General Managers, apart from the Chief Executive Officer himself, as already named in point 1.1.

- b) **other Managers with Strategic Responsibilities of the issuer of financial instruments that are not "small", as defined in Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, if, during the year, they have received total remuneration (obtained by adding the monetary remuneration and remuneration based on financial instruments) that exceeds the highest total remuneration among that attributed to members of the board of directors, or of the management board, and the general managers of the issuer of financial instruments;**  
Not applicable

None of Snam Managers with Strategic Responsibilities received remuneration during the year that, in total, exceeded the highest total remuneration (including that of the Chief Executive Officer) among that attributed to the members of Snam's Board of Directors.

- c) **individuals controlling the issuer of shares who are employees collaborators of the issuer of shares.**  
Not applicable

### 1.4 Description and number, broken down by category:

- a) **of the Managers with Strategic Responsibilities other than those indicated in lett. b) of paragraph 1.3;**  
As at the date on which [this new version](#) of this Information Document is published, Snam Managers with Strategic Responsibilities includes 53 persons.
- b) **in the case of "small" companies, under article 3, paragraph 1, lett. f) of Regulation no. 17221 of 12 March 2010, the indication for the aggregate of all key managers of the issuer of financial instruments;**  
Not applicable
- c) **of any other categories of employees or collaborators for whom characteristics different from the plan have been provided (for example, executives, managers, office workers, etc.).**  
It should be noted that the incentive scheme under the Plan is the same for all Beneficiaries, differing only in the Incentive Attributed, which increases in relation to the role held, the responsibilities assigned and the strategic nature of the resource.

## 2. REASONS FOR THE ADOPTION OF THE PLAN

### 2.1 Objectives to be achieved by implementing the plans

The Plan is a tool that helps to offer incentive and assure the loyalty of the most critical members of the Company's management team, and it aims to guarantee the following objectives, in line with national and international best practices:

- create a greater alignment of the interests of Beneficiaries and those of shareholders in the medium/long term, as well as through the assignment of the reward in shares, including through the correlation of part of this same share reward to the added value generated in the three-year period;
- support the Company's medium-/long-term profitability through the use of the adjusted net profit measured over the three years;
- combine the economic and financial performance of the Company with sustainability objectives (ESG);
- focus management on the achievement of medium-/long-term business objectives in a logic of sustainability in economic-financial performance;
- optimise diversity and equal opportunities in HR management, supporting the creation of a more balanced pipeline, where the gender that is less present is represented fairly;
- support the retention strategy applied in regard to the management team and key roles, improving Snam's competitiveness on the labor market.

Considering that the creation of value for Shareholders in the medium/long term is the Company's primary objective, the Board of Directors believes that the Plan – based on the accrual of the right to the free assignment of shares, spread out over the medium/long term and hinged on performance objectives correlated with the creation of value, the Group's sustainability and economic-financial results–, in aligning the interests of the management with those of Shareholders, constitutes the most effective incentive and loyalty tool that best meets the Company's interests.

For each annual attribution, the Plan provides for a three-year vesting period, in line with national and international best practices.

### 2.2 Key variables, also in the form of performance indicators considered for the attribution of plans based on financial instruments.<sup>2</sup>

The entity of the target share incentive attributed to each beneficiary differs according to the level of responsibility/how critical the role played is, also taking into account market practices. For all performance objectives, the Plan provides for the assignment to the Chief Executive Officer of Shares at a **minimum (threshold) level equal to 67% of the shares attributed, a target level equal to 100% of the shares attributed, with a maximum (cap) of 133% and a minimum (threshold) of 67%**. It therefore follows that for the Chief Executive Officer, **the equivalent value of the minimum incentive allocated is 106%**, the equivalent value of the target incentive attributed is 158%, whilst the equivalent value of the maximum incentive is 210% of the fixed remuneration.

For the other beneficiaries, the entity of the target share incentive attributed will be determined when the Chief Executive Officer implements the Plan, after its approval by the Shareholders' Meeting. The performance conditions of the Plan are linked to the following parameters:

- Adjusted net profit accumulated in the three-year period corresponding to the Performance Period, weighing for 50%;
- Added Value generated during the three years corresponding to the Performance Period, weighing for 30%;
- ESG metric, weighing for 20%, measured through the results achieved in respect of 2 indicators measured on a three-year basis, aimed at: 1) reducing natural gas emissions over the next three-year period (weighing for 10%); and 2) guaranteeing a fair representation of the less represented gender in Snam's 6 Snam Information Document Long-Term Share-Based Incentive Plan 2020-2022 management team (weighing for 10%) in terms of the percentage of the less represented gender in managers and executives out of all Group managers and executives.

### 2.3 Elements underlying the determination of the remuneration amount based on financial instruments, or the criteria for determination

#### 2.3.1 More detailed information

The incentive levels are defined, in terms of the number of Shares that can be assigned upon reaching the target lev-

<sup>2</sup> The data are rounded up to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for representative convention purposes only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's long-term equity incentive plan for 2020-2022 (2020-2022 cycle)



el, in line with the following remuneration policy principles adopted by Snam:

- remuneration structure of the managerial positions and key roles suitably balanced between: a fixed component in line with the powers and/or responsibilities assigned and a variable component calculated, within maximum limits, and aimed at linking remuneration to the performance effectively achieved;
- consistency of comprehensive remuneration with respect to the market references applicable to similar positions or roles entailing similar levels of responsibility and complexity, from the panel of companies comparable with Snam;
- variable remuneration of the managerial positions and key roles strictly linked to medium-/long-term performance, in continuity with the remuneration offered by the previous Plan.

**2.4 Le ragioni Reasons for the decision to assign remuneration plans based on financial instruments not issued by the issuer of financial instruments, such as financial instruments issued by subsidiaries or parent companies or companies outside the group; if said instruments are not traded on regulated markets, information on the criteria used for the determination of their value**

Not applicable.

**2.5 Assessment of significant tax and accounting implications that influenced the definition of the plans**

The Plan structure has not been influenced by applicable tax regulations or accounting implications.

**2.6 Any support to the plan by the special fund to encourage worker participation in companies, as per Article 4, paragraph 112, of Law no. 350 of 24 December 2003**

Not applicable.

**3. PROCESS OF APPROVAL AND TIME-SCALE FOR THE ASSIGNING OF INSTRUMENTS**

**3.1 Scope of the powers and functions delegated by the Shareholders' Meeting to the Board of Directors for implementation of the plan**

The meeting held by Snam's Board of Directors on 18 March 2020 resolved, on the proposal of the Remuneration Committee and with the abstention of the Chief Executive Officer, to submit the Plan for the approval of the Shareholders' Meeting, in accordance with Article 144-bis of the Consolidated Law on Finance.

Following approval by the Shareholders' Meeting, in exercising the authority to be conferred to it by the Shareholders' Meeting, the Board of Directors will implement the Plan, including through individuals appointed for this purpose, resolving on: i) the annual allocation of the incentive to the Chief Executive Officer; ii) the approval of the Regulations for each annual allocation; iii) the identification of the Beneficiaries based on the defined criteria; and iv) all other terms and conditions for the implementation to the extent that this does not conflict with the provisions established by the Shareholders' Meeting.

**3.2 Indication of parties responsible for the administration of the plan and their function and competence**

Indication of parties responsible for the administration of the plan and their function and competence

**3.3 Procedures for review of the plans in relation to any changes in the underlying objectives**

Without prejudice to the competence of the Shareholders' Meeting in the cases laid down by the law, the Board of Directors is the body entitled to make any amendments to the Plan after consulting the Remuneration Committee. When implementing the Plan, the Board of Directors will determine, on the proposal made by the Remuneration Committee, the Plan Regulation. This will include, among others, any procedures, terms and conditions for the Plan's review. These procedures may provide for the faculty of the Board of Directors to amend the Plan's performance conditions in extraordinary and/or unforeseeable situations or circumstances that may significantly impact Snam's

results and/or the scope of activities given the application of any provisions included into the Remunera Report approved from time to time by the Shareholders Meeting. With the abstention of the Chief Executive Officer, the Board may make all changes it deems appropriate to the Plan, in order to bring the Plan in line with provisions of the law, regulations and orders issued by Italian and foreign authorities, as well as to correct any inconsistencies, defects or omissions of the Regulation and/or Plan.

### **3.4 Description of how the availability and assignment of the financial instruments on which the plans are based can be determined**

The Plan provides for the free assignment of a variable number of Shares, depending on the individual attribution and the degree to which the Plan performance conditions are achieved. Shares will be assigned by committing treasury shares obtained from purchases made by the Company in accordance with Article 2357 et seq. of the Civil Code. To this end, the Board of Directors resolved to submit to the Shareholders' Meeting of 18 June 2020 the proposed authorisation for the purchase and/or disposal of treasury shares to be used also for the Plan.

### **3.5 The role played by each director in the determination of said plans; the occurrence of any situations of conflict of interest regarding the directors concerned**

In line with the recommendations made in the Corporate Governance Code for Listed Companies, to which Snam adheres, the Plan conditions have been defined on the basis of a proposal made by the Remuneration Committee, made up entirely of non-executive directors, the majority of whom are independent, with the Chairman chosen from among the independent directors. The proposal to submit the Plan to the Shareholders' Meeting, in accordance with Article 114-bis of the Consolidated Law on Finance was, therefore, resolved by the Board of Directors, with the abstention of the Chief Executive Officer, after obtaining the favourable opinion of the Board of Auditors in accordance with Article 2389, paragraph 3 of the Civil Code. In regard to its beneficiaries, the Plan constitutes a related-party transaction subject to the approval of the Shareholders' Meeting in accordance with Article 114-bis of the Consolidated Law on Finance, hence the specific procedures set out by Consob Resolution 17221 of 12 March 2010, as subsequently amended by Resolution 17389 of 23 June 2010 (the "Related-Party Transaction Regulation"), do not apply.

### **3.6 For the purposes of the requirements of Article 84-bis, paragraph 1, the date of the decision made by the body responsible for proposing the approval of plans to the Shareholders' meeting and the proposal of the remuneration committee**

On 18 March 2020, on the basis of a proposal made by the Remuneration Committee on 16 March 2020, the Board of Directors resolved to submit the Plan for approval by the Shareholders' Meeting.

The update to this information document, with reference to points 1.4, 2.2, 3.6, 3.7, 3.8, 4.5 and 4.24 was instead approved by the Board of Directors of Snam on 17 March 2021.

### **3.7 For the purposes of the requirements of Article 84-bis, paragraph 5, letter a), the date of the decision taken by the body responsible for the assignment of instruments and any proposal to the aforementioned body made by the Remuneration Committee**

The Plan and the financial instruments used to implement it are subject to the approval of the Shareholders' Meeting convened to meet on 18 June 2020. After the Shareholders' Meeting, if the Plan is approved, the Board of Directors will meet to make the relevant decisions for the Plan's implementation.

The update to this information document, with reference to points 1.4, 2.2, 3.6, 3.7, 3.8, 4.5 and 4.24 is submitted for approval to the Shareholders' Meeting convened on 28 April 2021.

### **3.8 The market price recorded on the aforesaid dates, for the financial instruments on which the plans are based, if traded on regulated markets**

Official price of the Snam share as at 18 March 2020 (the date on which the Board of Directors agreed to submit the Plan proposal to the Shareholders' Meeting): 3.905 euros.

Official price of Snam shares on 17 March 2021 (date of approval by the Board of Directors to submit the proposed amendments to the Plan to the Shareholders' Meeting): 4,520 €.

### **3.9 In the case of plans based on financial instruments traded on regulated markets, under what terms and in what ways the issuer takes into account, in determining the timing of the allocation of instruments in implementation of the plans, the possible time coincidence of:**

- i) said assignment or any decisions taken regarding this matter by the Remuneration Committee, and ii) the disclosure of any significant information pursuant to Article 114, paragraph 1; for example, in the case in which such information is:
  - a. not already public and capable of positively influencing market prices, or
  - b. already published and capable of negatively influencing market prices.

Decisions regarding the attribution of the Plan will be made on one or more occasions by the Board of Directors, once the Plan has been approved by the Shareholders' Meeting and having heard the opinion of the Remuneration Committee and the Board of Auditors, in compliance with current legislation. Please note that the right of the beneficiaries to receive shares will accrue after a three-year vesting period, and only where certain performance conditions are met.

## **4. CHARACTERISTICS OF THE INSTRUMENTS ATTRIBUTED**

### **4.1 Description of the forms in which remuneration plans based on financial instruments are structured**

The Plan provides for three annual attributions of the right to receive a target number of shares, which may effectively be assigned after three years and in an amount linked to the performance conditions met, as per the pre-established criteria and parameters and other conditions laid down by the Plan.

The target number of shares to be attributed is determined by dividing the incentive by the average price of the share recorded in the month prior to attribution.

Moreover, an additional number of shares will be assigned - defined as dividend equivalents - based on the number of shares effectively assigned at the end of the vesting period. The number of additional shares to be allocated is determined by dividing the sum of the dividends distributed in the vesting period by the average price of the share recorded in the month prior to the assignment.

## 4.2 Indication of the period of actual implementation of the plan also with reference to the various cycles

The Plan calls for three annual attributions for the period 2020-2022. Each attribution is subject to a three-year vesting period, and consequently any effective assignment of shares takes place between 2023 and 2025, as shown below:

Attribution	Performance Period	End of Vesting Period	Assignment of Shares
2020	2020-2022	2023	2023
2021	2021-2023	2024	2024
2022	2022-2024	2025	2025

For the Chief Executive Officer and the other Plan Beneficiaries, it is envisaged that 20% of the shares assigned, gross of those required to fulfil tax requirements, shall be subject to a lock-up period. The shares assigned subject to lock-up cannot be transferred and/or sold for a period of 24 months from the end of the vesting period. The lock-up does not apply to additional shares assigned to beneficiaries as dividend equivalents.

## 4.3 Term of the plan

The Plan will be concluded in 2025, upon expiry of the vesting period for the last attribution envisaged in 2022.

## 4.4 Maximum number of financial instruments, also in the form of options, assigned in each fiscal year in relation to the persons identified by name or the categories indicated

The Board of Directors has determined that a maximum of 3,500,000 Shares will be used for each three-year cycle of the Plan.

## 4.5 Terms and provisions of implementation of the plan, specifying whether the effective attribution of the instruments is subject to the satisfaction of certain conditions or the achievement of certain performance results; descriptions of such conditions and results<sup>3</sup>

The effective accrual of the Shares attributed is subject to the achievement of specific performance conditions. The performance conditions of the Plan are verified for all Beneficiaries at the end of each three-year implementation period upon conclusion of the outcome of an accurate verification process of the results

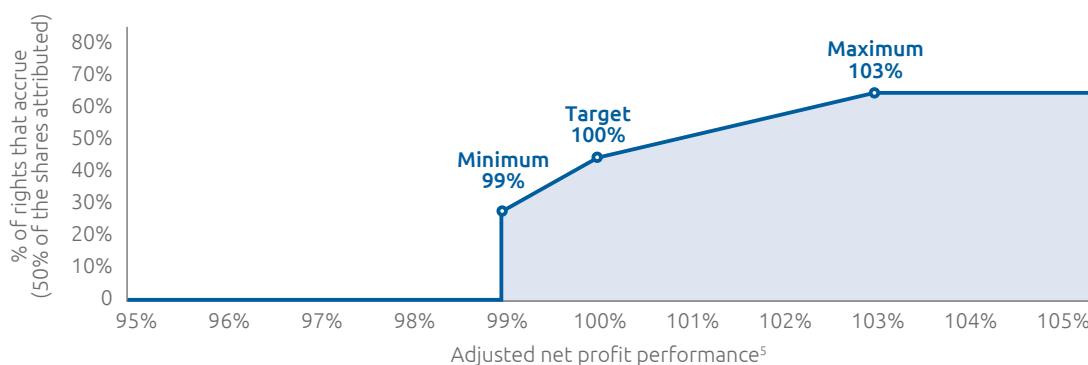
<sup>3</sup> The data are rounded up to the nearest unit (downwards in the case of zero to four digits and upwards in the case of five to nine digits) for representative convention purposes only. The Company has established precise approximation rules within its formal methodology for determining the allocation of the Chief Executive Officer's long-term equity incentive plan for 2020-2022 (2020-2022 cycle).

actually achieved carried out by the Remuneration Committee, to support the resolutions passed by the Board of Directors on this matter.

The achievement of the performance conditions at the preset target level involves the accrual of 100% of the shares attributed, while the achievement of the performance conditions at the preset maximum level (cap) involves the accrual of 133% of the shares attributed. Finally, achievement of the performance conditions at the preset minimum level (threshold) entails the accrual of 67% of the shares attributed. For results falling between the achievement of threshold **minimum**, target and maximum levels, the percentage of shares attributed will accrue progressively by linear interpolation.

The performance conditions applicable for the first attribution of the Plan (2020) At the same time as the new version of this Information Document, the performance conditions valid for the second allocation of the Plan (2021) are shown below. In the first section of the Report on Remuneration Policy and Compensation Paid, there will be full disclosure of any changes to the subsequent allocation under the Plan, as well as the absolute value of the target valid for the third allocation cycle of the Plan (2022):\*

- Adjusted net profit cumulated in the three-year period corresponding to the Performance Period, weighing for 50%. The degree to which the objective is achieved is calculated according to linear interpolation between the minimum, target and maximum values:

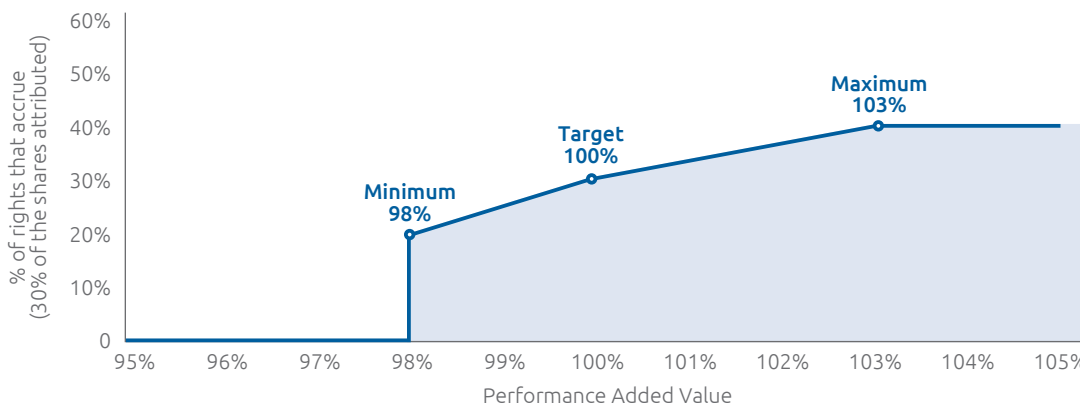


Scenarios	Performance (values)	Performance (% vs. target)	Payout (% of shares attributed)
Minimum	€mIn 3.489	99%	33%
Target	€mIn 3.524	100%	50%
Maximum	€mIn 3.612	103%	67%

4— Nella prima sezione della Relazione sulla Remunerazione e sui compensi corrisposti sarà data piena disclosure di eventuali variazioni per le successive attribuzioni previste dal Piano, nonché del valore assoluto dei target valedoli per i cicli di attribuzione futuri.

5 Net profit is obtained by excluding special items, inventory gains/losses and— to determine the net profit of business segments— financial income and expense relating to net financial debt or to non-hedging derivatives other than those based on commodities and exchange differences. In the final balance, the effects deriving from extraordinary M&A transactions, deflator different from the one forecast in the plan, Authority/regulatory measures (also abroad), net allocations to provisions (risk, environmental, bad debt), charges for redundancy incentives, capital gains/losses, inventory and asset write-downs will be sterilised, non-recurring financial charges on debt refinancing transactions, balancing activities, penalties and over/under-invoicing, non-planned impacts related to the payment of tax advances for the application of company procedures, and for investments in new business development not included in the plan, gnc and energy costs, other exogenous and/or non-recurring factors. The New Businesses Performance will be calculated taking into account and not sterilising the results deriving from extraordinary transactions / M&A as an ordinary growth lever in this sector.

- Added Value<sup>6</sup>, weighing for 30%, that reflects the value generated by the regulated business, calculated as the change of the RAB in the three-year period corresponding to the Performance Period, combined with distributed dividends, repurchased treasury shares and reduced by the change in net debt<sup>7</sup>. The degree to which the objective is achieved is calculated according to linear interpolation between the minimum, target and maximum values:



Scenarios	Performance (values)	Performance	Payout (% of shares attributed)
Minimum	€mln 2.245	98%	20%
Target	€mln 2.292	100%	30%
Maximum	€mln 2.363	103%	40%

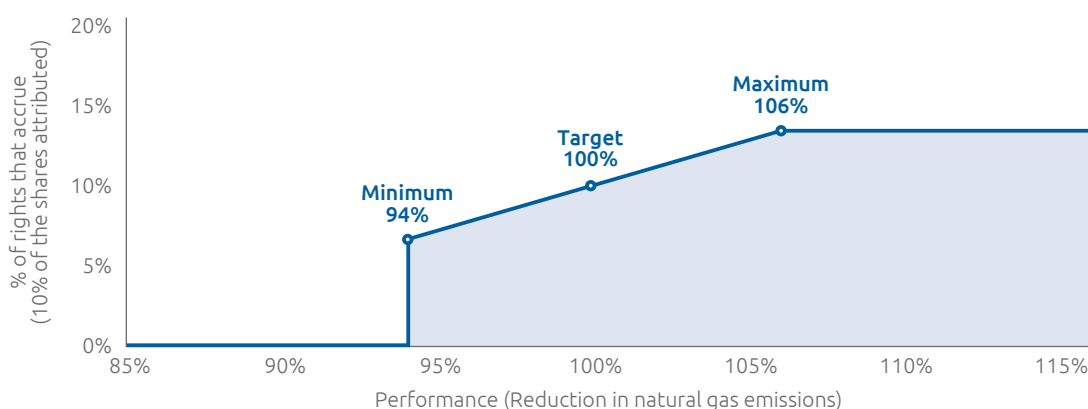
- ESG metric, weighing for 20%, measured through the results achieved in respect of 2 indicators, aimed at:
  - 1) reducing natural gas emissions (weighing for 10%) over the next three year period corresponding to the Performance Period. The degree to which the objective is achieved is calculated according to linear interpolation of minimum, target and maximum values, with respect to the values booked for emissions at year-end 2016 (48,08 MSmc):

In this regard, it should be noted that, following participation in the new Oil & Gas Methane Partnership Framework (OGMP 2.0) prepared by the United Nations Environment Programme (UNEP), the Company, in September 2020, adopted a new emissions reduction plan to 2025, which includes more challenging goals than

6 In the final balance, the effects deriving from extraordinary M&A transactions, deflator different from the one forecast in the plan, Authority/regulatory measures (also abroad), net allocations to provisions (risk, environmental, bad debt), charges for redundancy incentives, capital gains/losses, inventory and asset write-downs will be sterilised, non-recurring financial charges on debt refinancing transactions, balancing activities, penalties and over/under-invoicing, non-planned impacts related to the payment of tax advances for the application of company procedures, and for investments in new business development not included in the plan, gnc and energy costs, other exogenous and/or non-recurring factors. The New Businesses Performance will be calculated taking into account and not sterilising the results deriving from extraordinary transactions / M&A as an ordinary growth lever in this sector.

7 The change in net debt is calculated by excluding changes in working capital linked to regulatory dynamics and taking into account changes in trade working capital.

those previously set. As a result, with reference to the 2021-2023 cycle and the 2022-2024 cycle, the performance level of this objective will be aligned with what is provided for from time to time in the Company's aforementioned emission reduction plan (which currently provides an objective to 2025 of -44.9%). In the event of changes and/or variations within the UNEP Framework and consequent modification of the Company's emission reduction plan, the performance levels of the emission reduction of the IALT Plan Cycles will be adjusted and re-measured, depending on the achievement of the final objective under the UNEP Framework. The performance achievement level is calculated according to a linear interpolation criterion between minimum, target and maximum values with respect to the actual values of emissions, recorded at the end of 2015 (49.74 MSmc). In this regard, it should be noted that the changes to the performance levels resulting from the adoption of the Company's emission reduction plan only impact the second (2021-2023) and third (2022-2024) allocation cycles of the Plan, while the terms and conditions relating to the first (2020-2022) allocation cycle remain unchanged.

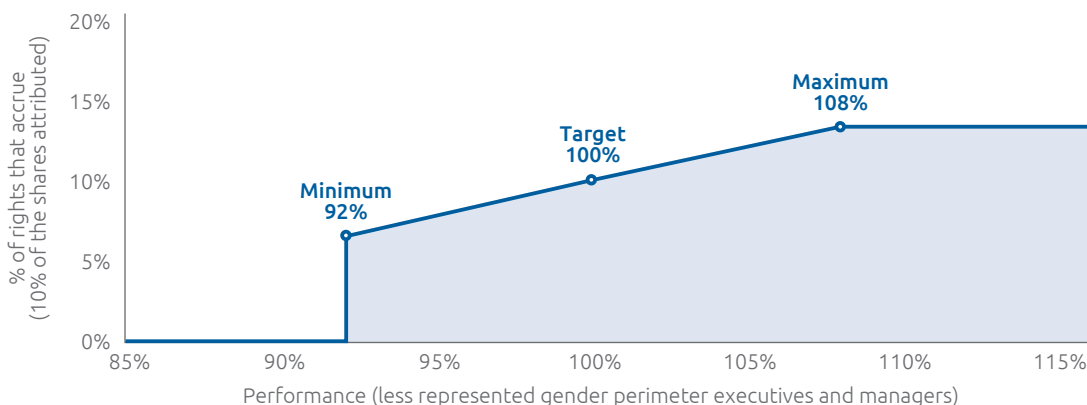


Scenarios	Performance (values)	Performance	Payout (% of shares attributed)
Minimum	- 34%	94%	7%
Target	- 36%	100%	10%
Maximum	- 38%	106%	13%

- 2) guaranteeing a fair representation of the less represented gender in Snam's management team<sup>8</sup> (weighing for 10%) in terms of the percentage of the less represented gender in executives and managers out of

<sup>8</sup> The Perimeter used is equal to the 2020-2022 cycle: SNAM S.P.A. / RETE GAS, / 4MOBILITY, / GAS & ENERGY SERVICES, / INTERNATIONAL B.V., / GNL ITALIA, / STOGIT, / CUBOGAS, / ENURA, / GASRULE, / IES BIOGAS SRL, / RENERWASTE LODI, / RENERWASTE, / TEP, / TEA.

all Group executives and managers. The degree to which the objective is achieved is calculated according to linear interpolation of minimum, target and maximum values:



Scenarios	Performance (values)	Performance	Payout (% of shares attributed)
Minimum	23%	92%	7%
Target	25%	100%	10%
Maximum	27%	108%	13%

Finally, the Plan provides for the adoption of clawback mechanisms by means of the following clause: Without prejudice to the right to compensation for any further damages, the Company, within the legal statute-barred term, may repossess (with a subsequent requirement for the Beneficiary to return the same) the value of the assigned Shares at the time of their effective assignment, including the value of the shares assigned as dividend equivalents, in the event that it is determined that the achievement of the objectives can be attributed to wilful misconduct or gross negligence or, in any case, if the reference regulations are breached (whether corporate, legal, regulatory or of any other source) by the Beneficiary, or where the aforementioned objectives were achieved based on data which proved to be manifestly erroneous.

**4.6 Indication of any availability restrictions on instruments allocated or on instruments deriving from the exercise of options, with particular reference to the terms within which the subsequent transfer to the company or third parties is permitted or prohibited**

For the Chief Executive Officer and the other Plan Beneficiaries, it is envisaged that 20% of the shares assigned, gross of those required to fulfil tax requirements, shall be subject to a lock-up period. The shares assigned subject to lock-up cannot be transferred and/or sold for a period of 24 months from the end of the vesting period. The lock-up does not apply to additional shares assigned to beneficiaries as dividend equivalents.



#### **4.7 Description of any termination conditions in relation to the assignment of the plans in the event that the recipients conduct hedging transactions to neutralise any prohibition to sell the financial instruments allocated, also in the form of options, or the financial instruments resulting from the exercise of said options**

There is no provision for termination conditions in the event that the beneficiaries should carry out hedging transactions that neutralise the prohibition on the sale of the assigned shares.

#### **4.8 Description of the effects of termination of employment**

The assignment of shares requires the contract of employment to continue, along with the effective provision of work. During the Plan implementation, the Regulation, which will be determined by the Board of Directors on the proposal of the Remuneration Committee, will detail the effects of any termination of the contract of employment. More specifically:

- In cases of mutual agreement to terminate the contract of employment of the beneficiary, or loss of control by Snam S.p.A. of the Company employing the Beneficiary, or sale to a company not controlled by the Company (or of the business unit) employing the Beneficiary, occurring before the date on which the Board establishes the percentage assignment, the incentive will be assigned to those entitled at the end of the performance measurement period and in connection with the period that has passed between the attribution and the onset of such events.
- In the case of death or total and permanent disability of the Beneficiary before the date when the Board decides the percentage assignment, the incentive will be paid to those entitled at the fixed rate of 133% of the incentive attributed, corresponding to the maximum level of the incentive that can be assigned.
- In the case of unilateral termination of the employment contract either by the Company or by the Beneficiary, occurring during the vesting period, the incentive will not be assigned.

#### **4.9 Indication of any other reasons for cancellation of the plans**

Any causes for cancelling the Plan will be specified by the Regulation when implementing the Plan.

#### **4.10 Reasons for the provision of any "redemption", by the Company, of the financial instruments covered by the plans, pursuant to Article 2357 et seq. of the Civil Code; beneficiaries of the redemption, indicating whether it is limited only to certain categories of employees; effects of termination of employment on said redemption**

There is no provision for a right of share redemption by the Company.

#### **4.11 Loans or other facilities, if any, to be granted for the purchase of shares pursuant to Article 2358 of the Civil Code**

There is no provision for the granting of loans.

#### **4.12 Indication of the valuations on the burden expected for the company at the date of the related assignment, as determined on the basis of defined terms and conditions, by overall amount and for each instrument of the plan**

At present, on the basis of the terms and conditions already defined, it is provided that the maximum number of shares that may be assigned upon achieving the maximum level of results for all performance conditions for each attribution cycle, including shares assigned as dividend equivalents, is 3,500,000 shares.

#### **4.13 Indication of any dilutive effects on capital caused by remuneration plans**

At present, no dilution of share capital is expected insofar as the shares used for the Plan will be those indicated in paragraph 3.4 above.

#### 4.14 Limits, if any, on the exercise of voting rights and on the attribution of equity rights

The shares assigned will be for normal use with no limits envisaged to the exercise of corporate or equity rights relating thereto.

#### 4.15 If the shares are not traded on regulated markets, all information necessary for a complete assessment of their value

Not applicable, as the shares are traded on the telematic stock market (MTA) organised and managed by Borsa Italiana S.p.A.

#### 4.16 - 4.23

The section on the attribution of Stock Option Plans does not apply as the Plan regards the attribution of shares.

#### 4.24 Share issuers join the annexed table 1 to the information document:

The table below provides the information pursuant to Section 2, Box 1 of the table of Scheme 7 of Annex 3 A to the Issuers' Regulation, on the basis of the characteristics already defined by the Company's Board of Directors.

More details will be added to the table when the Plan is implemented and the additional information will be made available in accordance with the terms and conditions pursuant to Article 84-bis, paragraph 5, letter a) of the Issuers' Regulation.

#### NEW ASSIGNMENT INSTRUMENTS ACCORDING TO THE BOD PROPOSED DECISION FOR THE SHAREHOLDERS' MEETING

Name and surname or category	Office (only indicate for named persons)	Date of shareholders' meeting resolution	Type of financial instruments	Number of financial instruments	Date of assignment	Possible instrument purchase price	Market price as at the date of assignment	Vesting period
Marco Alverà	Chief Executive Officer			462,108				
Dirigenti con Responsabilità Strategica		18/06/2020	Snam S.p.A. Shares	265,268	01/07/2020	n.d.	4.338	Three-year
Other Beneficiaries				912,063				



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