

**SNAM S.p.A.**

**ORDINARY SHAREHOLDERS' MEETING OF 4 MAY 2023 ON SINGLE CALL**

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

**Item 3**

**Authorisation to purchase and dispose of treasury shares, subject to revocation of the authorisation granted by the Ordinary Shareholders' Meeting of 27 April 2022, for the part not yet implemented. Related and consequent resolutions**

Dear Shareholders,

We hereby submit for your approval the authorisation for the Board of Directors to purchase and dispose of treasury shares under article 2357 and subsequent articles of the Italian Civil Code, art. 132 of Legislative Decree no. 58, of 24 February 1998, as amended (the “*CLF*”) and art. 144-*bis* of the Regulations approved by Consob with resolution no. 11971 of 14 May 1999, as amended (the “*Issuers' Regulations*”) and, in this Report which was prepared according to the provisions of article 73 and Annex 3A, sheet no. 4 of the Issuers' Regulations (the “*Report*”), we describe the formalities and the terms of the proposed transaction.

**1. Introduction**

Firstly it is appropriate to recall that on 27 April 2022 the Ordinary Shareholders' Meeting (the “*Shareholders' Meeting*”) authorised, in accordance with Articles 2357 and 2357-*ter* of the Italian Civil Code, the purchase of treasury shares for an outlay of up to 500 million euros and up to the maximum limit of 6.5% of the subscribed and freed up share capital, taking into consideration the treasury shares already held by Snam S.p.A. (the “*Company*”), to be carried out in one or more tranches, within 18 months of the date of approval by the Shareholders' Meeting itself, as well as the disposal of treasury shares with no time limits (hereafter, the “*2022 Authorisation*”), all after revocation of the authorisation resolved by the Shareholders' Meeting of 28 April 2021.

The purpose of the 2022 Authorisation is to provide the Company with a strategically and financially flexible tool geared towards: (i) promoting the liquidity and managing the volatility of the stock market price of Company's shares, (ii) future industrial and financial projects consistent with the strategic lines that the Company intends to pursue, (iii) implementing the Company's stock option plans and any future share-based incentive plans, as well as (iv) increasing the value for the shareholder, particularly by improving the Company's financial structure and through possible cancellation of treasury shares without reducing the share capital, in compliance with the necessary corporate obligations.

On the basis of the 2022 Authorisation, the Company (i) purchased 750,404 treasury shares, equal to 0.022% of the share capital, for a total countervalue of 3,700,392.20 euros, and (ii) at the same time assigned 1,760,307 treasury shares in July 2022 under the 2017-2019 long term share incentive plan.

**2. Reasons for which the authorisation for the purchase and disposal of treasury shares is requested**

The Board of Directors still considers valid the reasons which led it to request the 2022 Authorisation by the Shareholders' Meeting, and notably:

- (i) to promote liquid funds and actively manage volatility of the stock market performance of the Company's shares, and, in particular, intervene on the performance of the securities in connection with contingent market situations, facilitating trades on the security at times of little market liquidity and facilitating the regular performance of contracts and, in any case, within the limits envisaged by current legislative and regulatory provisions as well as, where applicable, in compliance with market practice permitted in accordance with Art. 180, subsection 1, letter c) of the CLF in connection with the activities implemented to support market liquidity;
- (ii) to operate in future industrial and financial projects in line with the strategic guidelines

the Company intends to pursue, including by means of the exchange, loan, conferral, sale or other disposal of treasury shares for the acquisition of equity investments or share packages, for industrial projects or other operations of extraordinary finance that involve the assignment or disposal of treasury shares (such as, merely by way of example, mergers, demergers, emissions of convertible bonds to shares, liquidation of shares on the market for transactions to optimise the financial structure);

- (iii) to implement the Company's existing and any future share-based incentive plans;
- (iv) to increase the value for the shareholder by improving the Company's financial structure and any subsequent cancellation of treasury shares without reducing share capital, in compliance with corporate obligations.

With regard to the procedure for disposing of the purchased shares, as per the 2022 Authorisation and in compliance with regulations applicable, the Board of Directors proposes that the Shareholders' Meeting does not set a time limit, leaving to the Board of Directors and for it to the Chief Executive Officer, the power to establish which is the most appropriate time to dispose of them.

In consideration of the fact that the 2022 Authorisation is about to expire and for the aforementioned purposes (which led the Company in the past to implement a share buyback plan that can be developed over the long term), as well as (i) the need for a given number of treasury shares to be employed for the 2020-2022 Long Term Share Incentive Plan (in connection with which the period of assignment of shares to beneficiaries is between 2023 and 2025) and (ii) the possible cancellation of treasury shares, notwithstanding the necessary corporate obligations, it is deemed appropriate, in order to give the governing body, represented by the Chief Executive Officer, greater flexibility, to propose to the Shareholders' Meeting, subject to revocation of the not yet implemented part of the 2022 Authorisation, that a new authorisation be granted.

The core content of the requested new authorisation remains basically unchanged, with respect

to those already covered by the 2022 Authorisation, as regards the purchase and the authorisation to dispose of both the treasury shares already in the portfolio and those which may be bought back under the buyback authorisation subject to the approval of the Shareholders' Meeting. Nevertheless, the limit on treasury shares that the Company may hold will be reduced from the previous 6.5% to 4.5% of the share capital. The aim of this change is to take appropriate account of the treasury shares that were issued on the market in 2022 following the request to convert the Convertible Bond, for which approximately 80 million shares were assigned to the holders of the bond who requested its conversion.

The Board of Directors noted that it would be appropriate for the Shareholders' Meeting to firstly revoke the authorisation granted on 27 April 2022, for the part not yet implemented, before approving a new authorisation for a period of 18 months starting from the date of the relative shareholders' meeting resolution.

### **3. Maximum number, category and par value of the shares concerned by the authorisation**

It is specified that on the date this report was approved by the Board of Directors (15 March 2023) the Company's share capital amounted to 2,735,670,475.56 euros and was made up of 3,360,857,809 ordinary shares without an indication of the nominal value, registered and fully paid-up, and that the treasury shares held in the portfolio number 8,101,437, equating to 0.241% of the share capital.

In this regard, it is proposed to the Shareholders' Meeting to authorise the purchase of treasury shares, in one or more tranches, for a maximum outlay of 500 million euros, in any case up to the maximum limit of 4.5% of the Company's share capital, taking into consideration also the treasury shares already held by the Company.

The new authorisation will include the right to sell, in one or more tranches, all or part of the shares in portfolio, also before completing the maximum number of shares that can be purchased, and to repurchase the shares themselves to the extent that all treasury shares held by the Company

and, if needed, by its subsidiaries, do not exceed the aforementioned percentage limit, without prejudice to the above indicated maximum expense which may not be reconstituted nor integrated by selling the shares previously purchased.

**4. Useful information for the assessment of the compliance with art. 2357, subsection 3, Italian Civil Code**

The purchase covered by your authorisation complies with the limit established by art. 2357, third subsection, Italian Civil Code (as amended by article 7 subsection 3-*sexies*, lett. a) of Legislative Decree. No. 5/2009, converted into Law no. 33/2009), in consideration of the fact that it concerns a number of shares which, added to the shares already held by the Company, does not exceed one fifth of the share capital.

Please note, to this regard, that the subsidiaries do not hold any share of the Company.

Pursuant to art. 2357, subsection 1, of the Italian Civil Code, the purchase transactions will be carried out within the limits of distributable profits and available reserves from the last financial statements regularly approved.

It is hereby acknowledged that the Board of Directors is obliged to assess that the requirements established under art. 2357, paragraphs 1 and 3 Italian Civil Code or the purchase of treasury shares is required upon each single authorised purchase.

**5. Term of the authorisation**

The Board of Directors proposes that the authorisation to purchase treasury shares, which may be carried out also in multiple times and transactions is granted for the maximum term allowed by art. 2357, subsection 2 Italian Civil Code and thus for 18 months from the date on which the Ordinary Shareholders' Meeting will adopt the relevant resolution.

The aforementioned time limit of 18 months shall not apply to any transactions to disposal of and/or use the treasury shares already included in the Company's portfolio and those that may be bought back under the buyback authorisation submitted to the Shareholders' Meeting for

approval.

## **6. Minimum and maximum price**

The purchase price for the shares purpose of this report will be established from time to time in consideration of the procedure selected for carrying out the transaction and complying with any regulation or admitted market practices, but, in any case it shall not exceed 5% and be lower than 5% of the reference price measured on the Euronext Milan market organised and managed by Borsa Italiana S.p.A. (“EXM”) during the session held before each single transaction, without prejudice to requirements of the repurchase programs regulated by art. 5 of EU Regulation 596/2014.

In the case where the Company intends to support the liquidity of its shares according to the criteria established by the market practice under art. 180, subsection 1, letter c), of the CLF, concerning the activity supporting the market liquidity, accepted by Consob by means of resolution no. 21318 dated 7 April 2020, the purchase price will be established according to said admitted market practice, as amended or replaced over the duration of the proposed authorisation. To date, said admitted market practice provides that the purchase price shall not exceed the highest between the price of the last independent transaction and the current price of the highest negotiation proposal for the independent purchase in the EXM.

Said parameters are deemed appropriate for establishing the range of values within which the purchase of treasury shares meets the interests of the Company, provided that the limits established by the legislation in force for value and volumes shall not be exceeded.

As regards the sale, disposal and/or use of the treasury shares, they shall be carried out at the price or, in any case, according to the criteria and conditions established by the Board of Directors, having considered laws in force and market practices in force each time, the actual procedure for performing them, the evolution of the share prices during the period preceding the transaction and according to the best interest of the Company.

## **7. Procedure through which the purchases and the disposals will be carried out**

The purchase transactions of treasury shares will be carried out according to the provisions of article 132 CLF, article 144-*bis* of the Issuers' Regulations and any other applicable provision, through one or more intermediaries of primary standing appointed by the Company. Pursuant to article 132 CLF and article 144-*bis*, subsection 2, of the Issuers' Regulations, the purchase transactions concerning your authorisation will be in any case carried out (even in multiple instalments), with equal treatment, (i) on the ESM under the operating procedures established in the regulations for the organization and management of the markets managed by Borsa Italiana S.p.A. (and in the relevant instructions) which do not allow for the direct matching of purchase orders with predetermined sell orders, under article 144-*bis*, subsection 1, letter b) of the Issuers' Regulations or (ii) with the procedures established by art. 5 of EU Regulation 596/2014 or (iii) with the procedures established by market practice admitted by Consob pursuant to art. 13 of EU Regulation 596/2014, pursuant to art. 144-*bis*, subsection 1, letter d)-*ter* of the Issuers' Regulations. Treasury shares may not be purchased using options and/or derivatives, launching a public offer or by performing systematic internationalisation activities.

Pursuant to article 132, subsection 3, of the CLF, the aforementioned operating procedures shall not be applied to purchase treasury shares owned by Company employees or those of its subsidiaries and assigned or subscribed to pursuant to articles 2349 and 2441, eighth subsection, of the Italian Civil Code, or resulting from compensation plans based on financial instruments approved pursuant to article 114-*bis* of the CLF.

As regards the sale, disposal and/or use of the treasury shares, the Board of Directors, and for it the Chief Executive Officer, proposes that the authorisation allow the adoption of any procedure which appears to be appropriate for meeting the intended purposes - including the use of treasury shares to support share incentive plans - to be carried out both directly and through brokers, according to the relevant domestic and EU laws and regulations in force on the subject, and,

where applicable, market practices permitted in force at the time.

**8. Information on the instrumental nature of the purchase in terms of reducing the share capital**

The purchase of treasury shares as per this request for authorisation is not instrumental to reducing the share capital. The treasury shares purchased may, however, be entirely or partially cancelled, by resolution passed by the Extraordinary Shareholders' Meeting, without in any way reducing the share capital, as the ordinary shares of the Company have no nominal value.

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Dear Shareholders, we therefore propose to approve the following resolution:

1. *“to revoke the previous resolution to authorise the purchase of treasury shares passed by the Shareholders' Meeting on 27 April 2022, for the part not yet implemented;*
2. *to authorise the Board of Directors, and on its behalf the Chief Executive Officer, with the right to delegate said powers, to purchase treasury shares, through one or more intermediaries of primary standing appointed by the Company, in one or more tranches, for the maximum duration of 18 months from today's date, for a maximum outlay of 500 million euros and up to a maximum limit of shares in the portfolio of 4.5% of the share capital subscribed and freed up, taking into consideration the treasury shares already held by the Company, respecting the fair treatment principle and using the procedures laid down in art. 144-bis, subsection 1, letter b) of the Issuers' Regulations or the procedures established by art. 5 of EU Regulation 596/2014 or the procedures established by market practices admitted by Consob pursuant to art. 13 of EU Regulation 596/2014, pursuant to art. 144-bis, subsection 1, letter d)-ter of the Issuers' Regulations, or different procedures than those listed above if allowed by article 132 CLF and, in any*



*case, in compliance with the additional legal and regulatory provisions which are from time to time in force at the time of the transaction. The price for the transactions to purchase treasury shares, without prejudice to the requirements of buy-back programmes governed by art. 5 of EU Regulation 596/2014, should not exceed 5% or be below 5% of the reference price measured on the EXM Market during the session held before each single transaction. If the Company intends to support the liquidity of its shares according to the criteria established by the market practice under art. 180, subsection 1, letter c), of the CLF, concerning the activity supporting the market liquidity, accepted by Consob by means of resolution no. 21318 dated 7 April 2020, as amended or substituted over the duration of the authorisation, the purchase price will be established according to said admitted market practice. All the above must be carried out according to the report annexed to this resolution and for the purposes described therein;*

- 3. to authorise the Board of Directors and for it the Chief Executive Officer, with the right to delegate said powers, to carry out (in one or more tranches, without any time limit and even before having completed the purchases) any transfer of all or part of the treasury shares of the Company purchased under this resolution and also of the treasury shares already held by the Company. As regards the sale, disposal and/or use of the treasury shares, the Board of Directors and for it the Chief Executive Officer is hereby designated mandate, with right to delegate said powers, to decide from time to time the criteria for establishing the relevant consideration and/or procedure, terms and conditions for the use of the treasury shares held in the portfolio, having considered the actual procedure for performing them, the evolution of the share prices during the period preceding the transaction and according to the best interest of the Company, said transactions shall be carried out both directly and through brokers, according to the*

*domestic and EU laws and regulations in force, and, where applicable, market practices allowed in force at the time. All the above must be carried out according to the report annexed to this resolution and for the purposes described therein;*

4. *to grant the Board of Directors, and for it the Chief Executive Officer, the right to sub-delegate, all powers needed to execute the resolutions in the previous points, doing everything required, suited, instrumental and/or connected for positive results, and to inform the market as required by regulations in force and, where applicable, market practices allowed at the time”.*

The Chairwoman of the Board of Directors

Ms Monica de Virgiliis