

SUSTAINABLE FINANCE ANNUAL REPORT 2024



Energy to inspire the world

SUSTAINABLE FINANCE ANNUAL REPORT 2024

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SNAM'S PROFILE

Snam is one of the world's leading energy infrastructure operators and one of the largest Italian listed companies in terms of market capitalization. The company's sustainable and technologically advanced network guarantees security of supply and encourages development in the areas in which it operates, while also contributing to promote the energy transition. Snam is also an international operator working in the most relevant areas of the world for the development of natural gas to replace more polluting fuels and for the energy transition.

Snam is a fully integrated player along the whole gas value chain, in Italy and abroad, leveraging on a natural gas transportation network of more than 37,000 km, gas storage capacity of around 20 billion cubic meters and regasification infrastructures of about 20 billion cubic meters.

Through its international subsidiaries, it operates in Austria (AGSCo), Austria (TAG, GCA), United Arab Emirates (ADNOC Gas Pipelines), France (Teréga), Greece (DESFA) and the United Kingdom (Interconnector UK), Algeria/Tunisia (Sea-Corridor).

Snam is also one of the main shareholders of TAP (Trans Adriatic Pipeline), the final section of the Southern Energy Corridor and EMG (East Mediterranean Gas Company), owner of the Arish-Ashkelon gas pipeline, connecting the Israeli terminal of Ashkelon to the Egyptian receiving station of Al-Arish.

In recent years, Snam has positioned itself to play a role as enabler of the energy transition, in line with its purpose and European targets, thanks to infrastructures that will be crucial for the achievement of decarbonisation objectives.

Snam's 11.5 billion-euro 2023-2027 Strategic Plan envisages the achievement of Net Zero by 2050 for all emissions (Scope 1, 2 and 3), investments to make its infrastructure "hydrogen ready" and an acceleration in the development of energy transition businesses such as hydrogen, carbon capture and storage, biomethane, and energy efficiency.

INTRODUCTION

Snam is Europe's leading gas utility, ranking first in Europe by transport network size and natural gas storage capacity. The company is also one of the main operators in regasification and is now strongly committed to the energy transition process to achieve carbon neutrality. With more than 15 billion euro in market capitalization, it is one of the largest Italian companies and is included in the FTSE MIB index of Borsa Italiana. Over the latest years, Snam has positioned itself to be among the protagonists of the great transformation underway in the energy sector. The company's strategic framework is founded on its key distinctive factors: a unique geographic position as Med-EU bridge, located close to energy and natural resources rich North Africa and East Med and infrastructurally connected to Central European demand; the presence among the whole midstream value chain with a resilient, flexible and cost-effective infrastructure made by parallel and repurposable lines; eighty years of experience in building and maintaining critical infrastructures. Snam gas infrastructure and energy transition businesses are synergistic and progressively interconnected. Snam aim is then to become a Pan-European multi-molecule operator, managing a modular, flexible and repurposable infrastructure to secure energy supply across Italy and Europe. This will be delivered leveraging on two main strategic levers: sustainability and innovation. With the new 2023-2027 Strategic Plan, Snam has taken on the role of enabler of the energy transition, in line with the United Nations 2030 sustainable development goals that guide sustainability actions and with the Paris Agreement framework. To the business model already based on values of sustainable development, Snam has added specific commitments for the coming years. It will be one of the first energy companies to achieve carbon neutrality in 2040, contributing to the decarbonisation of the system through significant investments in innovation, R&D and digitalization, to the expansion of large national and international networks and to the development of green economy businesses, such as sustainable mobility, energy efficiency, green gas and hydrogen. In this context, Snam committed on Scope 1 and 2 to a 40% reduction by 2030 and 50% by 2032 on the regulated business perimeter - using 2022 as baseline - and to carbon neutrality by 2040. Snam continues to invest and prioritize the installation of dual fuel compressions stations, planning to use all available levers to reach targets including the use of biomethane. On scope 3 Snam is reinforcing its commitments moving to absolute terms with reduction targets of 30% and 35% respectively by 2030 and 2032. Scope 3 emissions are mostly related to the associates perimeter, on which Snam promotes specific decarbonisation programs following a similar pathway to its own and from

suppliers for which have been introduced ESG criteria in tenders while working on data-gathering, education and best practices sharing. In addition, with the 2023-2027 Strategic Plan Snam added a new commitment: to be Net zero across all emissions by 2050. Snam has been the first pure infrastructure player globally to join the new SBTN Corporate Engagement program and carried out a detailed analysis based on the available Science Based target for Nature scientific approach. Thanks to the already high technical standard and innovative technologies used for ante-operam assessment and post-operam monitoring, Snam already minimize the impact by design. For this reason, Snam already operate Zero Net Conversion by remediating all not avoidable conversions, restoring 100% of impacted areas. By 2027 Snam commit to Net Positive impact, meaning that on specific hotspots will implement initiatives to regenerate, rewild or protect the landscape. To achieve these objectives, Snam's 2023-2027 strategic plan details investments of circa 11.5 billion euro, attributable to the core business of regulated infrastructures (10.3 billion euro) and to the new activities of energy transition (1.2 billion euro). In this context, around 65% of the investments are related to green and decarbonized gas molecules: around 21% in emissions reduction (electric compression stations and leak detection and repair) and Green molecules (biomethane plants and connections, H₂, CCS and energy efficiency) and around 44% in H₂ ready gas infrastructures meaning replacements done with H₂ ready technical standard. The remaining amount will be supporting activities such as digitalization, security of supply (LNG) and maintenance. Thanks to H₂ ready replacement investments to reduce emissions and investments in energy transition, around 37% of Snam capex are Taxonomy aligned and 58% SDGs aligned.

The 1.2 billion euro to be invested in the new energy transition businesses will be used to strengthen a broad and diversified platform of activities dedicated to energy efficiency, biomethane production and infrastructure, carbon capture and storage and hydrogen along the entire value chain, which Snam has created in recent years to be a "system integrator" able to offer green solutions and contribute to the development of renewable gases. Sustainable finance is one of the pillars of Snam's development strategy and investments in the energy transition aimed at actively contributing to the decarbonisation of the economy. The share of sustainable financing on total committed funding increased from 40% in 2020 to around 80% in 2023, reaching the target 3 years in advance. For 2027, Snam is committed to increase the share of sustainable finance to 85%. As a recognition to the Group dedication to lowering emissions, addressing climate change and implementing ESG standards across

the value chain, Snam has been confirmed at the top of the “A List” by CDP (previously Carbon Disclosure Project) for the third consecutive year, as well as the leader in the Sustainalytics ranking for the gas utility sector for ESG commitment.

SUSTAINABLE FINANCE ALIGNED WITH CORPORATE STRATEGY

Snam’s commitment towards ESG investments and initiatives is integrated within the financial strategy and starting from 2020 Snam joined the **UN Global Compact and the CFO Taskforce** (currently called “CFO Coalition for the SDGs”), an initiative which aims to bring together investors, issuers, banks and credit agencies to create an efficient market for SDG investments and capital flows, and consistency in how to measure SDG KPIs. At the EU level, Snam is also member of the **Corporate Forum for Sustainable Finance**, an initiative of European companies set up with the aim of creating a permanent network for exchanging views and useful ideas for developing sustainable finance, linked to projects that have a positive impact on the environment.

In January 2021, Snam became a member of the **Nasdaq Sustainable Bond Network**, an initiative run by Nasdaq that serves as a nexus for investors, issuers, investment banks, and specialized organizations committed to sustainable finance. This collaborative network underscores Snam’s ongoing efforts to actively contribute to and engage with key entities in the sustainable finance landscape.

Snam embarked on a financial strategy alignment in 2018 to support its corporate goals in the European energy transition, broaden its investor base, and promote awareness of its ESG initiatives. This included converting existing syndicated credit facilities into a sustainable loan tied to ESG KPIs, marking a significant move as the first by a gas utility and the third largest sustainable loan globally at the time. Subsequently, between 2021 and 2022, Snam secured new term loans and revolving credit facilities totaling approximately €2.1 billion. Additionally, in 2021, Snam secured a €150 million financing from EIB for energy efficiency projects. On the capital market front, starting from 2018, a Euro Commercial Papers program is available, which, since 2020, has been linked to environmental and social sustainability goals in line with the sustainable loan. The instrument has been associated with an ESG rating of EE+, assigned by the ESG rating company Standard Ethics, which was increased during 2022. The evaluation was confirmed in 2023, simultaneously with the increase in the program size to 3.5 billion euros.).



Moreover, in the bond market, Snam issued its inaugural Climate Action bond in February 2019 and, successively, four Transition bonds for a total amount of ca. 2.9 billion euro. By moving from a Climate Action to a Transition bond,

Snam has intended to **consolidate its role in the energy transition** and to **increase investors awareness** of Snam’s ESG initiatives and investments, by making its sustainable finance strategy consistent with long-term environmental objectives. In particular, in addition to the eligible categories identified in the Climate Action Bond Framework, **a new eligible category (i.e. the “Retrofit of gas transmission network”) has been included.** In March 2021, for its innovative content, the Framework has been awarded by Environmental Finance the Award for Innovation - Use of Proceeds category - as part of the Environmental Finance Bond Awards.

In November 2021, on the occasion of the presentation of the new Strategic Plan, Snam published the Sustainable Finance Framework¹ moving forward with a new step in the sustainable financing choices of the Group. In particular under the new Framework, Snam has the ability to issue bonds in “Use Of Proceeds” format (Eu-Taxonomy aligned Transition Bond) or “General corporate purpose” (Sustainability-Linked Bond) linked to the most relevant environmental KPIs monitored by Snam and strictly connected to the achievement of long-term corporate targets.

As part of the Sustainable Finance Framework, in January 2022 Snam issued an inaugural Sustainability-Linked Bond in dual Tranche format for a total amount of 1.5 billion euro with economic performances (coupon step-up) linked to the achievement of selected targets on related KPIs:

- i. a natural gas emission reduction target equal to -55% by 2025 and a target reduction of Scope 1 and 2 emissions in 2027 equal to -40% (short tranche); and
- ii. a reduction target of Scope 1 and 2 emissions in 2030 of -50% (long tranche).

In December 2022, Snam tapped the market with its first EU Taxonomy- aligned Transition bond, the proceeds of

¹ https://www.snam.it/export/sites/snam-rp/it/investor-relations/debito_credito_rating/file/Sustainable-Finance-Framework_Snam_29.11.2021.pdf

which will be used to finance projects in the energy transition (Eligible projects) and being awarded with “Transition Bond of the Year”, in which the innovative approach proposed on EU Taxonomy was recognized and rewarded.



In 2023, Snam successfully also placed a 500 million euro EU Taxonomy aligned transition exchangeable bond exchangeable into existing Italgas shares and a 650 million euro EU Taxonomy aligned transition bond. In the early months of 2024, Snam reached a new milestone in its sustainable journey with the publication of its new Sustainable Finance Framework, swiftly followed by the issuance of a dual-tranche bond, raising 1.5 billion euros. Notably, this bond stands out as the first Green Bond and the inaugural SLB (Sustainability-Linked Bond) linked to Scope 3 emissions, beyond Scope 1 and 2.

SUSTAINABLE FINANCE FRAMEWORK

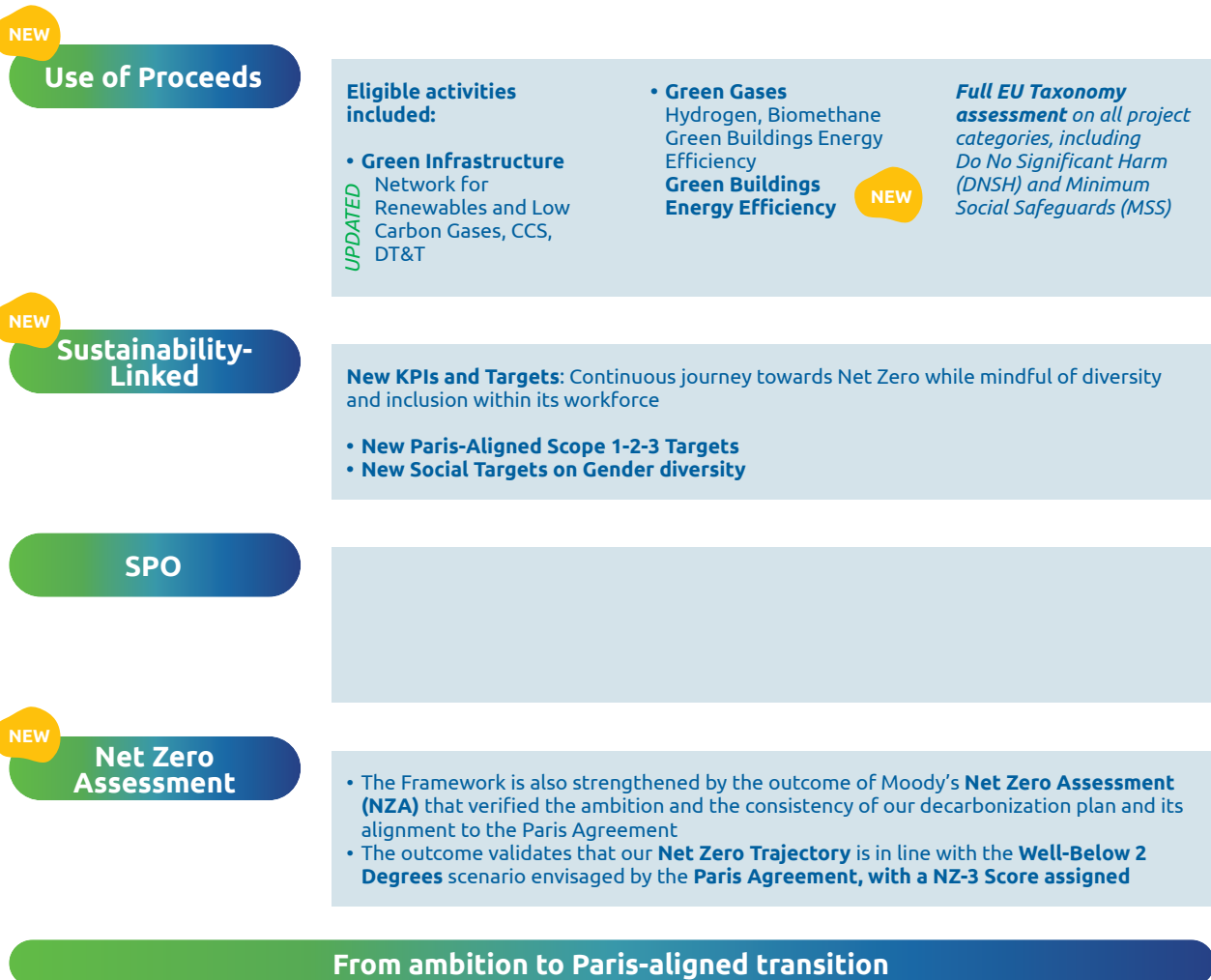


Chart 1 - Structure of the Sustainable Finance Framework (February 2024). The twofold Framework embeds a Use of proceeds section and a Sustainability linked section.

In the context of Snam's Sustainable Finance strategy, the herein report represents the annual update of the Use of Proceeds report which shares information² with investors on Snam's Use of Proceeds outstanding bond.

USE OF PROCEEDS AND ENVIRONMENTAL BENEFITS

At the date of this report, Snam has issued Use of Proceeds instruments totaling 4,375 million euro consisting of the Climate Action bond in 2019, the Transition bonds in 2020 and 2021, the Green Loan and EU taxonomy aligned Transition Bonds in 2022 and 2023. In the next months, the amounts raised in the capital markets not yet allocated will be used to finance or refinance, in whole or in part, existing and/or future Eligible Projects identified under the eligible categories according to Sustainable Finance Framework (2021) while the amount unallocated is expected to be invested in the next few years. Until the full allocation, the company will hold the corresponding funds in cash and cash equivalents, or repay temporarily the outstanding debt. However, the company is committed to allocate to eligible projects an amount equal to the debt instruments proceed. As of the end of 2023, six Use of Proceeds bonds are fully allocated.

As of the end of 2023, out of ca. 4.4 billion raised ca. 87%³ has been allocated to eligible projects equal to ca. 3.8 billion euro (vs. 2.5 billion euro in 2022) of which ca. 40% is related to "Retrofit of gas transmission network" category which represents the largest category of projects among the eligible projects to be financed. Compared to the allocated amount in 2022, the 2022 progress is mainly related to Energy Efficiency, Renewable energy and Hydrogen projects.

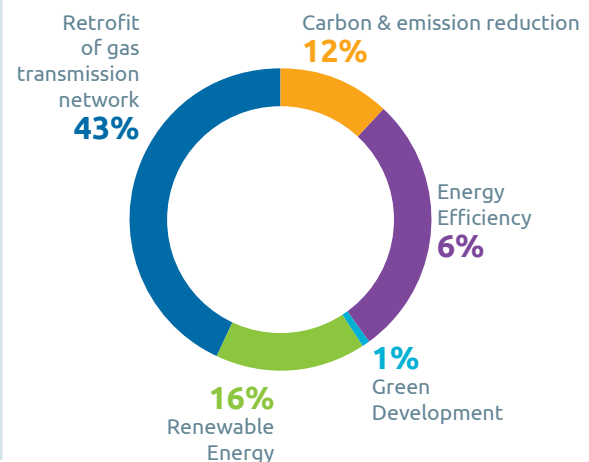
Looking at the future over the plan horizon, the Eligible projects identified⁴ in the last Business Plan, are ca. 2 billion euro thus leaving a considerable buffer over the total instruments already issued net of proceeds allocated.

In the following paragraphs, details for each category of the framework at the end of 2023 are reported both in terms of amount already allocated and the actual or

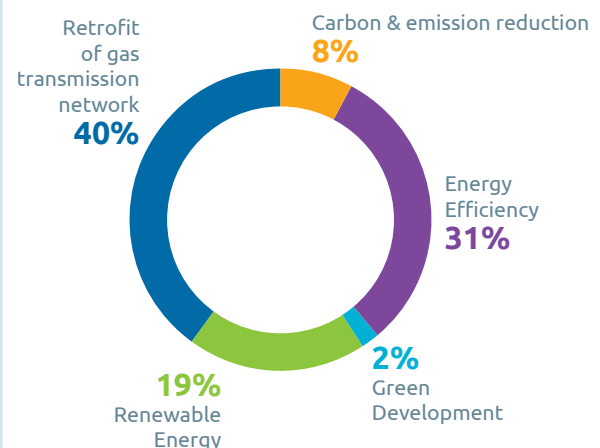
expected environmental impacts. The present report is approved by the Sustainable Finance Committee on behalf of Snam for the publication and represents the annual update on Use of Proceeds instruments issued until 2023 being an update of previous reports published yearly from 2020. For the description of projects financed, selected case studies are already available in last years reports⁵.

The data on projects identified and proceeds allocated are monitored on a quarterly basis by the finance department which collects, aggregates and shares information related to all Eligible Projects with the Committee. In particular, the information regard the current funded amounts and a relevant focus on relevant changes quarter by quarter on which the committee is promptly informed. On a yearly basis, this information collected about the eligible projects is reported in the annual reporting process.

ELIGIBLE PROJECTS IDENTIFIED



ALLOCATION OF PROCEEDS



² More comprehensive information on ESG related topics of the company are annually published in the Sustainability Report: https://www.snam.it/en/Sustainability/reporting_and_performance/sustainability_report.html

³ A limited portion (ca. 3%) of the bonds' proceeds has been allocated to refinance eligible projects.

⁴ Snam has a Project Evaluation and Selection process in place and its functioning is summarised in a document available on Snam website: https://www.snam.it/export/sites/snam-rp/it/investor-relations/debito_credit_rating/file/ITL-Workflow-Sustainable-Finance-Committee_vDEF.pdf

⁵ Last year report available at the following link: https://www.snam.it/export/sites/snam-rp/it/investor-relations/debito_credit_rating/file/Climate-Actionand-Transition-bonds-Report_Marzo-2022.pdf

Bond issued before 12/2023	ISIN	Date of issuance	Original tenor	Size (m€)	Coupon p.a.	Allocated (m€) 12/2021	Allocated (m€) 12/2022	Allocated (m€) 12/2023	Allocated (%) 12/2021	Allocated (%) 12/2022	Allocated (%) 12/2023
Climate action bond	XS1957442541	21/02/2019	6.5 years	500	1.25%	500	500	500	100%	100%	100%
Transition bond 1	XS2190256706	10/06/2020	10 years	500	0.75%	500	500	500	100%	100%	100%
Transition bond 2	XS2268340010	30/11/2020	8 years	600	0%	298	600	600	50%	100%	100%
"Dual tranche" Transition bond 3	XS2300208928 XS2300345837	15/02/2021	4.5 years ca. 9 years	750	0% 0.75%	190	428	750	25%	57%	100%
Transition bond 4	XS2358231798	30/06/2021	10 years	500	0.625%	107	298	500	21%	60%	100%
Green Loan	Bilateral	04/08/2022	4 years	75	-	-	20	33	-	26%	45%
Eu Taxonomy aligned Transition Bond 1	XS2562879192	05/12/2022	4 years	300	3.375%	-	150	300	-	50%	100%
Eu Taxonomy aligned Transition Bond - Exchangeable in Italgas Shares	XS2693301124	29/09/2023	5 years	500	3%	-	-	347	-	-	69%
Eu Taxonomy aligned Transition Bond 1	XS2725959683	27/11/2023	6 years	650	4%	-	-	271	-	-	42%
				4.375		1.595	2.496	3.801	56%	77%	87%

Bond issued before 12/2023	Size (m€)	Transition bond framework (2018)					Sustainable finance Framework 2021	
		Climate action bond Framework (2020)					Infrastructure ⁶	Green Gases ⁷
		Carbon & Emission Reduction	Renewable Energy	Energy Efficiency	Green Construction	Retrofit of gas Transmission network		
Climate action bond	500	150	140	167	43			Fully allocated
Transition bond 1	500	22	25	41	2	410		Fully allocated
Transition bond 2	600	29	15	266	2	288		Fully allocated
"Dual tranche" Transition bond 3	750	57	15	391	2	285		Fully allocated
Transition bond 4	500	42	8	304	1	145		Fully allocated
Green Loan	75						34	Not yet fully allocated
Eu Taxonomy aligned Transition Bond 1	300							300 Fully allocated
Eu Taxonomy aligned Transition Bond - Exchangeable in Italgas Shares	500						227	120 Not yet fully allocated
Eu Taxonomy aligned Transition Bond 1	650						168	103 Not yet fully allocated

6 This category includes projects which are similar to the ones included in the Carbon and emissions reduction project category and which are EU taxonomy aligned according to the Sustainable Finance Framework 2021 (e.g. Retrofit of gas transmission network).

7 This category includes projects which are similar to the ones included in the Renewable energy category of the Climate action e transition bond frameworks and which are EU taxonomy aligned according to the Sustainable Finance Framework 2021.

1. CARBON & EMISSION REDUCTION PROJECTS⁸

This category includes those identified investments which aim at reducing the greenhouse gasses emissions, energy consumption and the CH₄ and CO₂ emissions related to the Group's industrial assets.

Investment category/ description	Description of the investments	Funded amount at the end of 2023 (€000)	Environmental Performance indicator (A or N ⁹)	Environmental benefit
Replacement of old generation boilers ("heaters") with more efficient boiler units ("Skids").	Between 2018-2022, 84 heaters have been replaced, arriving at a skid total thermal capacity installed of about 99 MW	35,578	N - Energy saving expected at the end of the activity	15% ¹⁰
			N - Methane leakages avoided	3.6 MSmc ¹¹ /year
Revamping of the equipment at the network's main connection nodes	Replacement of gas powered pneumatic instrumentation with electrically driven instrumentation - Expected within March 2022	14,676	A - Methane leakages avoided	0.9 MSmc/year
Replacement of turbo-compressors with latest-generation machines	The activity consists in the replacement of turbo-compressors with latest-generation machines powered by gas	94,657	N - NOx lower emissions	80% ¹²
			N - lower consumption of fuel gas with lower emissions of CO ₂	30 Kton Co ₂ / year
Replacement of gas-powered turbo-compressors with electric powered compressors ¹³	The replacement of turbo-compressors powered by gas with electric machines will allow lower consumption of gas	126,351	N - Lower consumption of fuel gas	for ca. 100 MSmc at 2030
Monitoring of methane leakages and installation of Leak Detection System for a real time monitoring of the network	The pressure monitoring system allows to detect leakage of natural gas and promptly intervene	17,807	N - Avoided methane emission	1.4 MSmc/year
Replacement/renovation of valves, control and command devices	Replacement of the valves with pneumatic actuators with valves with electric actuators and of control and command devices for globe valves with a monitor function	31,391	A - Methane leakages avoided	10.3 MSmc

⁸ Including Infrastructure (asset readiness and pollution prevention, Leak Detection and Control) projects of the Sustainable Finance Framework (use of proceeds section). These projects will contribute to the EU environmental objective of climate change mitigation and NACE codes are D35.22 (Distribution of gaseous fuels through mains), H49.50 (Transport via pipeline) and F42.21 (Construction of utility projects for fluids).

⁹ "A" is used when the environmental benefit has been identified on an actual basis or can be assessed with a random sample data collection, while "N" stays for those projects for which the environmental cannot be assessed on an actual basis but it can be deducted exclusively by the constructor's information.

¹⁰ The value does not factor in the level of obsolescence of the old heaters, indeed assuming a certain degree of obsolescence vs nominal efficiency of the heaters at the end of the useful life to be replaced the energy efficiency would be comfortably above 15%.

¹¹ Smc stands for Standard cubic meter, i.e. the amount of gas stored in 1 cubic meter at standard conditions of temperature (15 °C) and pressure (1013.25 millibars, i.e., atmospheric pressure). MSmc is the equivalent of 1 million standard cubic meters.

¹² Based on the estimated annual difference between the emission before and after the replacement

¹³ This subcategory is included also in the Sustainable Finance Framework 2021 for the use of proceeds section EU taxonomy aligned. Some replacement projects (dual fuels) will be partially financed by the Green Loan secured in 2022 with BayernLB. For these projects ca. 36 million euro have been already invested and the expected fuel gas saved in 2030 will be ca. 93 Million cubic meter of methane corresponding to ca. 128 kton CO₂ avoided.

The Carbon & emission reduction category includes those single projects which have a higher relevance for the achievement of the Group's Emission targets in terms on natural gas emissions and Scope 1 & 2 emissions. The projects included in this categories have an economic life typically ranging from 20 to 50 years.

2. RENEWABLE ENERGY PROJECTS (BIO-METHANE)¹⁴

As of the end of 2023, Snam has invested ca. 725 million euro in eligible projects falling within this category of which ca. 20% related to the direct acquisition of plants and company holding more than one plant and the remaining 80% for the development of biomethane plants or upgrading of existing biogas plants.

Within this category, eligible investments are plants mainly producing biomethane, but also those plants producing biogas therefore ultimately the electricity itself can be eligible as the final output is the production of renewable energy. Biogas and Biomethane plants have a typical economic life of 20 years which is also coherent with the Authorization to run the plants

Feedstock	Number of plants	Location	Production	Expected/Installed Capacity
Organic Fraction Municipal Solid Waste (OFMSW)	11 plants	The coverage of the 11 plants is homogeneously dispersed through Italy ¹⁵	Biomethane	20MW
Livestock Manure, Agricultural By-products and agricultural biomass	28 plants	The coverage of the 28 plants is homogeneously dispersed through Italy ¹⁶	Infrastructures to produce electricity from biogas. Prospected full conversion of the biogas production infrastructuresto Biomethane	61MW

¹⁴ Corresponding to Green Gases projects' category of the Sustainable Finance Framework (Use of proceeds section). These projects will contribute to the EU environmental objective of climate change mitigation and NACE codes are 35.21 (Manufacture of gas)

¹⁵ Plants are located in Lombardia, Piemonte, Lazio, Umbria, Abruzzo, Sicilia and Liguria

¹⁶ Plants are located in Lombardia, Piemonte, Veneto, Friuli-Venezia Giulia, Emilia Romagna,

3. ENERGY EFFICIENCY PROJECTS

The category includes investments for (i) the energy efficiency of the current Snam's assets, (ii) the acquisition of ESCo companies, and (iii) the financing of the projects within ESCo companies held by Snam with the aim to support the development of the entire Italian energy efficiency sector for residential, industrial and tertiary segments.

Investment category/ description	Description of the investments	Funded amount at end-2023 (€000)	Environmental Performance indicator (A or N)	Environmental benefit
Replacement of traditional lamps with LED lamps	Substitution and installation of LED lamps on Snam's assets	2,865	N – Estimated energy saving on an annual basis	40% equivalent to a saving of 1860 MWh
Acquisition of ESCo companies	Acquisition of TEP Energy Solution, TEA, Miecì & Evolve	98,315	Companies operating in the energy efficiency sector for residential, industrial and tertiary business solutions	
Financing of TEP/TEA's Residential Business (deep renovation for real estate sector)				2850017 ton CO2 avoided annually
Financing TEP/TEA's Industrial Business (Energy Performance Contracts for energy efficiency solutions)	Investing in ESCo companies hold by Snam for supporting the development of the energy efficiency market	603,314	A – Avoided CO2 emissions both direct and indirect (raw materials transport and extraction)	1770018 ton CO2 avoided annually
Financing TEP/TEA's Tertiary Business (Energy Performance Contracts for energy efficiency solutions)				30018 ton CO2 avoided annually
Financing Miecì & Evolve	Investing in ESCo companies hold by Snam for supporting the development of the energy efficiency market	494,035	A – Avoided CO2 emissions both direct and indirect (raw materials transport and extraction)	1040019 ton CO2 avoided annually

4. GREEN DEVELOPMENT PROJECTS

This category mainly includes projects of renovation of current Group's buildings with an improvement on the energy usage such as the construction of new buildings with high level of energy efficiency.

At the end of 2023, the proceeds allocated are ca. 65 million euro. 9 out of 13 projects are related to deep renovation and energy efficiency²⁰ of Snam's buildings which are responsible for a cumulative reduction of the impact on the environment for ca. 184 ton/CO₂eq per year as the result of the energy saving following the interventions. An improvement of at least two energy classes for relevant projects is estimated.

The remaining projects are related to new buildings which are in progress and the completion is planned in the next few years. For these projects best-in-class energy efficiency solution will be adopted and LEED certificates and B/C energy classes are expected. In particular, one of the new buildings is related to the new headquarter for the Group for which a detailed case study can be found below.

17 The calculation of the impact is based on the average energy saving expected from all the interventions within the company portfolio completed between 2019 and 2022.

18 The CO₂ saving is estimated factoring in direct and indirect emissions calculated on the basis of actual energy saving reported for each plant compared to the energy usage prior to intervene.

19 The calculation is based on the effective energy usage for the plants, and the energy usage prior to the intervention.

20 The main interventions are exterior insulation, condensing boilers and heat pumps, photovoltaic plant and LED lamps.

5. RETROFIT OF GAS TRANSMISSION NETWORK²¹

This project category of the Framework includes investments in (i) Research and Development on green gas transportation and storage activities with the aim of assessing the full compliance of Snam current assets with hydrogen and preparing them to transport higher and higher percentage of green gasses; and ii) the replacement of already existing pipelines with new certified hydrogen-ready²² pipelines. The hydrogen readiness of new replaced pipelines is assessed by considering the technical features that new pipelines have and testing them on several operational scenarios.

The retrofit of gas transmission network accounts for more than half of the total eligible projects under the Framework. At the end of 2023, within this category, 22 replacement projects have been identified and all of these are currently under execution. The extension of pipelines H2-ready that will be replaced over the next years is ca. 1.600 km.

Since 2020, the amount allocated to this category has been increasing notably and at year-end 2023, **ca. 1.5 billion euro have been allocated and circa 590 km of new replaced hydrogen-ready pipelines are already in operation and with a typical economic life of 50 years.**

21 Including Infrastructure (asset readiness and pollution prevention, Leak Detection and Control) projects of the Sustainable Finance Framework (use of proceeds section). These projects will contribute to the EU environmental objective of climate change mitigation and NACE codes are D35.22 (Distribution of gaseous fuels through mains), H49.50 (Transport via pipeline) and F42.21 (Construction of utility projects for fluids).

22 For hydrogen-ready pipelines Snam means SNAM internal standards ("GASD") coming from the implementation of international standards currently available. Design and construction of all SNAM network are based on these standards including company's know-how. The SNAM's network "hydrogen-ready" is based on the ASME B31.12 "Hydrogen Piping and Pipeline" standard. GASD remain unchanged for H2NG mixtures up to H2 100% in volume. These standards regulate design and construction phases of new gas network. For more details, see the case study "Retrofit of gas transmission network projects: qualification of H-ready pipelines".



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