A EUROPEAN LEADER IN GAS INFRASTRUCTURES
PROMOTING SUSTAINABLE ENERGY DEVELOPMENT

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Italy at the core of the Energy Union

- Possibility to export gas in Europe
- Contribution to energy price reduction
- Maintenance and development of the network to “ensure access to affordable, reliable, sustainable and modern energy for all” (SDG n.7)
- Differentiation of supply sources to guarantee energy security
- The most diversified hub in Europe in terms of supply routes and providers
Natural gas is a core pillar of the EU energy mix

The second-largest energy source in the EU

An infrastructure integrated, connecting Europe, neighbouring countries and globally via LNG

Challenges and opportunities for the industry

EU Energy mix, 2017e

- Oil: 15%
- Coal: 25%
- Nuclear: 13%
- Gas: 33%
- RES: 14%

Source: Eurostat, Snam
Snam European mission: Interconnecting Europe

Supporting the market convergence towards the Energy Union by:

• **debottlenecking of interconnections** between hubs

• development of «gas corridors»
• activating **revers flows**

• linking the **Italian network with the EU to develop a transit route for Mediterranean gas sources to reach Northern hubs**

• Investing in **new gas** uses & sourcing in developing and managing complex projects
Snamtec: €850m for the “Snam of the future”

From a company focused on:
- fossil fuels
- iron
- an «underground» business

...to a company:
- leader in the renewables
- with a high technological profile
- interconnected with the territory

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<td>• €100m investment in biomethane</td>
<td>• €100m investment in CNG and in SSLNG</td>
<td>• Real-time remote leak detection</td>
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<td>• Projects on hydrogen and power to gas</td>
<td>• Cooperation along the chain on the development of sustainable mobility</td>
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<td>• Cogeneration</td>
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Reducing CO2 Emission: Natural gas is a core part of the solution

Development of different uses and sourcing of Natural gas

Cheap and immediately ready...

- **CNG vehicles** (compressed natural gas) as immediate available solution to reduce urban pollution
- **Small Scale LNG** (small-scale liquefied natural gas) as efficient and cheap solution to reduce emissions in the maritime sector and in heavy-duty transportation and to replace more polluting fuels
- **Biomethane** as CO₂ neutral renewable source, using existing infrastructures
- **Gas Heat Pumps (GHP)** aimed at increasing efficiency and promote the use of renewables in air conditioning

... with potential to further expand the scope...

- **Power-to-gas** will close the loop to integrate renewable electricity into the gas grid and improve electricity grid flexibility
- **Hydrogen** could substitute methane in gas grids to fully decarbonize industries and heating sector
- **Hydrogen to methane** to reduce CO₂ footprint
- **Carbon Capture and Storage/Utilization**, pre and post combustion, would allow to use fossil natural gas with zero emissions and biomethane carbon negative
SNAM sustainable finance

**Sustainable loan**

- At end-2018 Snam converted the existing 3.2 bn€ RCF into a sustainability-linked RCF (3-5 year tenor).
- Snam has to meet sustainable KPIs consistent with industrial sector and international sustainability strategies were set (with the help of an independent sustainability consultant) in terms of Climate Change and Social targets.
- The largest facility for a utility operating in the natural gas sector and the third largest loan of this type in the world.
- A pricing mechanism in place with reduction/increased of margin if target is achieved/not achieved
- The targets was reached in the first year and a consequent reduction of 2.5 b.p. of the margin was already considered

**Climate action bond**

- In February 2019 Snam issued a €500m short-7yr Climate Action Bond (1.25% coupon)
- Bond’s proceeds will be used to fund (i) carbon & emission reduction 60%, (ii) renewable energy 20%, (iii) energy efficiency 10% and (iv) green development projects 10%
- first Climate Action Bond issued in Europe, second in the world
- Important achievements in terms of demand (5x oversubscribed), liquidity of the market and pricing
Thank you