SUSTAINABILITY LINKED BONDS

Snam's new SLB: choose your transition

Josephine Richardson* | 19 Nov 2026 | 4 minute read

SUMMARY

- **Snam priced a USD1.25bn dual-tranche Sustainability-Linked Bond on 18 Nov, its second in USD, linked to Scope 1+2 and Scope 3 emissions targets.**
- **Methane is no longer a standalone KPI. Snam does not own the gas it transports, so currently gives no explicit account of its readiness for EU Methane Regulation import rules.**
- **In EUR, the transition bonds still price tight. Snam's range of labelled debt gives investors a choice on which part of its transition to support.**

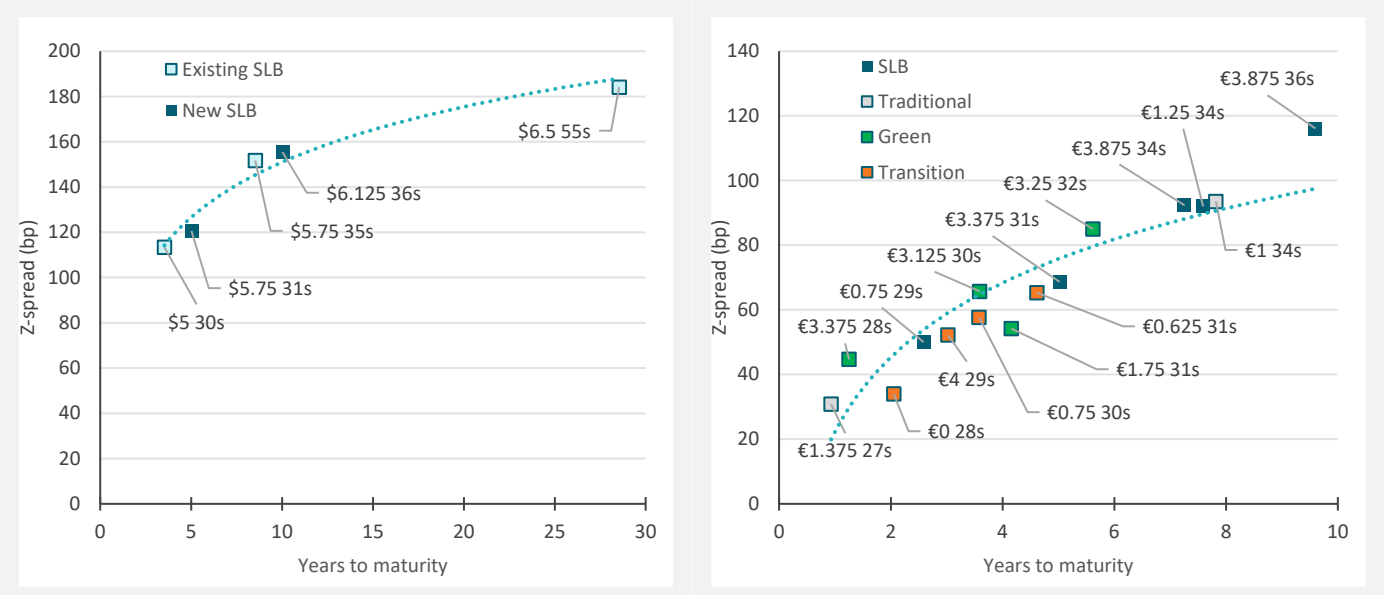
Snam (ticker SRGIM), the Italian gas transmission operator, is one of Europe's most prolific issuers of ESG-labelled debt.[1] On 18 Nov it priced a two-tranche USD Sustainability-Linked Bond (SLB): USD750mn 5y and USD500mn 10y. This follows the EUR1.5bn EU Green Bond and SLB pair priced in June, which we reviewed in our earlier paper.

Snam's ultimate transition story centres on changing the molecules it transports. The company does not report the emissions associated with the transported gas, despite SBTi guidance that this is a relevant metric for the sector.[2,3]

The SLBs target reductions in Scope 1+2 emissions, and reported Scope 3 emissions (excluding transported gas). Its use-of-proceeds bonds have allocated ~40% of proceeds to retrofitting the network and transporting greener gases.[1]

This offers investors a choice on which part of the transition to support. As shown in Figure 1, transition bonds are currently tight to the curve, although they are low-coupon.

Figure 1. Snam USD bond pricing (LHS) and EUR (RHS) maturity 2027 and longer. Source: Bloomberg Finance L.P., accessed 19 Nov 2026.



[1] For a comprehensive review please see "A review of Snam's ESG-labelled debt", AFII, 24 Jun 2026.
[2] P14 "SBTi Corporate Near-Term Criteria, Version 5.3.1", SBTi, Apr 2026.
[3] "European gas TSOs: one pipeline to transport them all", AFII, 26 Nov 2024.

*Author to contact: jor@anthropocenefii.org. See important disclaimer.

The new USD SLBs

Snam now has 11 SLBs outstanding, issued under three different Sustainable Finance Frameworks (SFF). The details are summarised in Table 1.[4] The company also has a number of Use-of-Proceeds (UoP) structures outstanding, both in green and transition format. Sustainable finance now makes up around 90% of Snam's committed funding.[5]

The two tranches were issued under Snam's 2025 Sustainable Finance Framework,[6] and reference two KPIs, a reduction in Scope 1+2 emissions, and reported Scope 3 emissions. The company's latest reporting shows Scope 1+2 emissions 35% below the 2022 baseline in 2025, already beyond its 2027 target of 25%, while Scope 3 was 14% lower.[7]

As in our earlier papers, Scope 3 still excludes emissions from the use of the gas Snam transports.[3] Snam's latest Mar 2026 results deck confirms that Scope 3 Category 11 (Use of sold products) is excluded with the explanation "*the emissions […] are outside of Snam's control*".[8]

Table 1. Snam outstanding SLBs. Source: Snam, Bloomberg Finance L.P., accessed 19 Nov 2026.

Description	ISIN (144A where Reg S not available)	Issue Date	SFF	Targets	Max non-discounted cumulative step-up	Amount Outstanding (mn)
SRGIM €0.75 29s	XS2433211310	20-Jan-22	2021	CH4 -55% by 2025; S1+2 -40% by 2027	0.75%	EUR 850
SRGIM €1.25 34s	XS2433226854	20-Jan-22	2021	S1+2 -50% by 2030	0.75%	EUR 650
SRGIM €3.875 34s	XS2767499945	19-Feb-24	2024	S1+2 -40% by 2030; S3 -35% by 2032	1.00%	EUR 1,000
SRGIM €3.375 31s	XS2944871586	19-Nov-24	2024	S1+2 -25% by 2027; S3 -30% by 2030	1.00%	EUR 750
SRGIM £5.75 36s	XS2944872121	19-Nov-24	2024	S1+2 -50% by 2032; S3 -35% by 2032	2.00%	GBP 600
SRGIM $5 30s	XS3055654662	20-May-25	2025	S1+2 -25% by 2027	0.625%	USD 750
SRGIM $5.75 35s	XS3055657848	20-May-25	2025	S1+2 -50% by 2032; S3 -35% by 2032	0.625%	USD 750
SRGIM $6.5 55s	XS3055659620	20-May-25	2025	S1+2 -90% by 2050; S3 -90% by 2050	1.125%	USD 500
SRGIM €3.875 36s	XS3406814445	15-Jun-26	2025	S1+2 -50% by 2032; S3 -35% by 2032	0.75%	EUR 750
SRGIM $5.75 31s	US78460AAD81	18-Nov-26	2025	S1+2 -40% by 2030; S3 -30% by 2030	0.50%	USD 750
SRGIM $6.125 36s	US78460AAF30	18-Nov-26	2025	S1+2 -50% by 2032; S3 -35% by 2032	0.50%	USD 500

From a materiality point of view, both the new bonds include a 0.5% premium payment at maturity rather than a coupon increase. As the table shows, this is the lowest non-discounted step-up amongst its bonds, and given it's a payment at maturity, the impact of discounting would be greater than for a coupon increase. The other USD SLBs that mature in 2030 and 2035 are most comparable, with 0.625% cumulative step-up, which may be why the bonds price quite close on the curve, as shown in the LHS of Figure 1.

Lower materiality means there is lower option price, which in principle reduces the spread benefit of an ambitious SLB.[9]

[4] For a full review of the KPIs used in each framework please see "A review of Snam's ESG-labelled debt", AFII, 24 Jun 2026.
[5] "Solid first half financial results. FY guidance confirmed with improved net debt target", Snam, p.6, 29 Jul 2026.
[6] "Sustainable finance", Snam, accessed 19 Nov 2026.
[7] "2025 Full Year Results and 2026-2030 Strategic Plan", Snam, 5 Mar 2026.
[8] P101 "2025 Full Year Results and 2026-2030 Strategic Plan", Snam, 5 Mar 2026.
[9] For more explanation on the option pricing please see "Sustainability-Linked Bond Handbook", AFII, 12 May 2024.

Methane

Methane leaks are, alongside gas burnt in compressors, one of the main sources of Snam's Scope 1 emissions.[3] Snam reports strong progress: in 2025 its methane emissions were 67% below 2015 levels, against a target of 70% by 2030, and methane intensity fell to 0.026% of gas injected, from 0.074% in 2015.[7] It has received the UNEP OGMP 2.0 Gold Standard for six consecutive years, scoring 4.8 out of 5 for its operated assets.[10]

Methane is, however, no longer a standalone KPI in its SLBs. The 2021 framework included a natural gas emissions KPI (-55% by 2025 versus 2015), used only by the 0.75% 2029 SLB, and this was met. The 2025 framework folded it into the Scope 1+2 KPI, which Snam says already includes methane reductions.[1] Methane is converted to CO_2-equivalent using a 100-year global warming potential (GWP) of 29.8,[7] the standard basis for corporate reporting. Over 20 years, methane warms around 80 times as much as CO_2,[11] so on that basis it would weigh far more heavily in Snam's Scope 1. As the KPI is a single CO_2-equivalent figure, methane progress is also blended with combustion and Scope 2 emissions: gains from, for example, renewable electricity could offset slower progress on leaks.

The EU Methane Regulation places obligations on both operators of EU gas infrastructure and importers.[12] On the operator side, Snam appears well placed, saying that new electric compressors allow leak detection and repair (LDAR) at a frequency aligned with the new EU rules.[5] The importer obligations, now proposed for a two-year delay, require evidence on the methane monitoring and intensity of supply.[13,14][15]

Here there is a gap. Snam states that its regulated businesses do not sell, produce or own the gas, but sell transport, storage and regasification capacity.[7] It reports Italy's supply mix (32% LNG in 2025, up from 24%, 62% pipeline and 5% domestic), but not the methane intensity of that supply. As it doesn't own the gas, Snam doesn't currently report on readiness for the import rules: another gap in accountability, alongside the exclusion of transported-gas emissions. This is relevant as its LNG footprint grows, and the import requirements phase in.

Pricing

As shown in the LHS of Figure 1, the new USD SLBs priced in line with Snam's existing USD SLB curve and reportedly received USD3.5bn of orders, suggesting a book cover of 2.8x.[16] Our recent analysis has shown a positive relationship between ESG-bond labels and higher book cover amongst EUR-denominated IG issuance.[17]

[10] "Snam wins UN methane reporting Gold Standard for sixth straight year", Trend, 16 Oct 2026.
[11] IPCC, "AR6 WG1, Chapter 7", Table 7.15 (GWP-20 of 82.5 for fossil methane), 2021.
[12] "Regulation (EU) 2024/1787" on the reduction of methane emissions in the energy sector, 13 Jun 2024.
[13] "EU moves to delay its methane rules. Bond investors should not wait", AFII, 16 Oct 2026.
[14] "EU Methane Regulation: implications for fixed income investors", AFII, 3 Aug 2026.
[15] "EU countries Parliament agree to delay EU methane regulation by two years", Reuters, 19 Nov 2026.
[16] A Google translation of this Italian-language coverage "Snam colloca 1,25 miliardi di dollari in bond sustainability-linked: ordini per 3,5 miliardi", ESG News, 19 Nov 2026.
[17] "Sustainable labelling and EUR-denominated primary book cover", AFII, 9 Sep 2026.

In EUR (RHS of Figure 1), the transition bonds continue to price at the tight end of the curve.[1] We previously suggested this may indicate investor support for this part of Snam's transition plan, although the low coupons and below-par prices of most of the transition bonds may also contribute.

Snam will present an updated Transition Plan on 14 Dec.[18] This could give information on its methane targets, its plans for new molecules, and how it reports on the gas flowing through its infrastructure.

Conclusions

Snam priced its second USD SLB on 18 Nov, linked to Scope 1+2 and Scope 3 targets. The new bonds priced in line with its existing USD SLB curve, while in EUR its transition bonds still price tight.

Methane emissions have fallen substantially, but methane is no longer a standalone KPI, and as Snam does not own the gas it transports, it currently gives no explicit account of its readiness for EU Methane Regulation import rules.

As in our earlier paper, Snam's range of labelled structures, from SLBs targeting operational emissions to use-of-proceeds bonds funding infrastructure for new molecules, gives investors a choice on which part of the transition to support. It also supports ongoing dialogue between fixed income investors and the issuer.[19]

[18] "Snam (SRG) Q3 2026 earnings summary", Quartr, 11 Nov 2026.
[19] For more information on effective tools to support bondholder engagement please see the following webpage "Bondholder engagement toolkit".

Version log

Date	Comment
19 Nov 2026	Document published

Important disclaimer:

This report is for information and educational purposes only. The Anthropocene Fixed Income Institute ('AFII') does not provide tax, legal, investment, accounting, or any regulatory or regulated advice or services. This report is not intended to provide, and should not be relied on for, tax, legal, investment, accounting, or regulatory or regulated advice or services. Nothing in this report is intended (i) as investment advice, as an offer or solicitation of an offer to buy or sell, or as a recommendation, endorsement, or sponsorship of any security, company, issuer, or fund or (ii) to express a particular investment proposal in respect of a financial instrument or an issuer, or (iii) to propose a particular investment decision in respect of a financial instrument or an opinion as to the present or future value or price of any financial instrument or (iv) to recommend or suggest any investment strategy.

AFII is not responsible for any investment decision made by you. You are responsible for your own investment research and investment decisions. This report is not meant as a general guide to investing, nor as a source of any specific investment recommendation. Unless attributed to others, any opinions expressed are our current opinions only. AFII does not take into account your own circumstances or assets and AFII assumes no direct or indirect responsibility or liability for any investment decisions you make, and you remain fully responsible for your own research, legal and regulatory compliance, and decisions.

Certain information presented may have been sourced from third parties. AFII believes that such third-party information is reliable, and has checked public records to verify it wherever possible, but does not guarantee its accuracy, timeliness or completeness; and it is subject to change without notice. Any reference to an issuer's creditworthiness or likelihood of positive or negative performance in the current or future market is purely observational and should not be taken as a recommendation, endorsement or advice in relation to such issuer or its securities. AFII is a non-profit organisation that provides fixed income investors with the insights and tools they need to align their portfolios with ambitious climate and nature targets.

For more information about the Institute, please visit www.anthropocenefii.org.