

A review of Snam's ESG-labelled debt

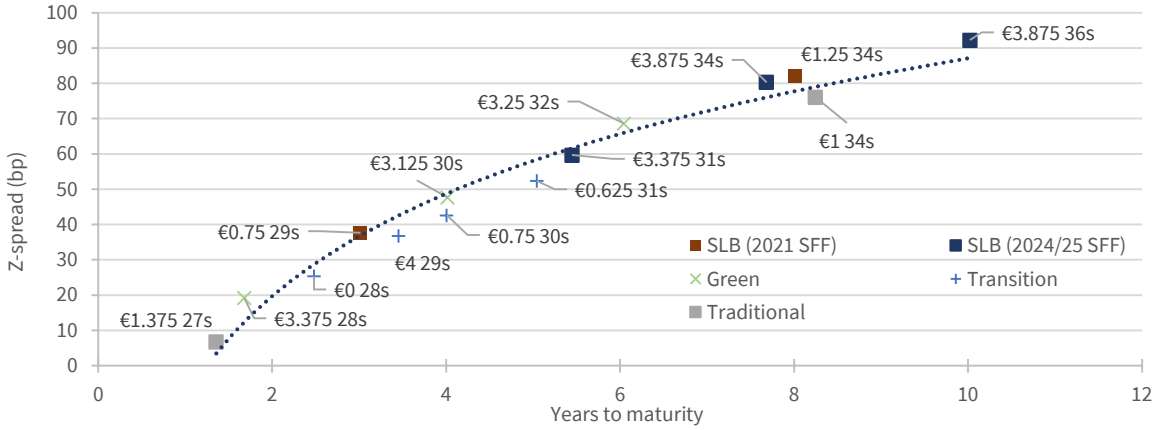
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Snam (ticker SRGIM), the Italian gas transportation and storage company, is a regular issuer of ESG-labelled debt. On 15 Jun 2026, Snam priced a dual-tranche EUR deal, comprising a EUR750 million 4yr EU Green Bond (EuGB) and EUR750 million 10yr Sustainability-Linked Bond (SLB).[1]

As a company primarily engaged in fossil fuel transport, a core part of Snam's transition plan is to become a "*multi-molecule operator*" i.e. transport greener gases, including biomethane and hydrogen.[2] The company has been issuing ESG-labelled bonds since 2022, and the diversity of structures used offers investors a choice about which part of the company's transition they want to support. Our analysis of the issuer's bonds offers the following conclusions:

- The SLBs primarily reference direct emissions reductions and some limited Scope 3 emissions, excluding those from the gas it transports and burns. The transition bonds, however, have included allocations to projects that support preparing Snam's infrastructure for more sustainable molecules.
- Recent reporting shows an improved trajectory for Scope 1 + 2 emissions reductions. The SLBs using the most ambitious targets have underperformed in the past year. This suggests an efficient digesting of the shift in trajectory, making the targets more easily achieved.
- Market pricing of the EUR bonds (as shown in Figure 1) suggests the transition bonds are trading tighter to the curve, whereas the SLBs are wide. This could imply increased investor appetite to support projects that reduce Snam's full Scope 3 emissions and not just those reported.

Figure 1. Snam EUR bond curve (bonds with maturity >1yr and >EUR300mn outstanding). Source: Bloomberg Finance L.P., accessed 17 Jun 2026.



[1] "Snam successfully places a dual-tranche bond offering for a total amount of €1.5 billion, across a €750 million European Green Bond with 4-year maturity and a €750 million Sustainability-Linked Bond with 10-year maturity", Snam, 15 Jun 2026.
[2] "Sustainable Finance Annual Report 2025", Snam, accessed 19 Jun 2026.

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Introduction

Snam SpA (ticker SRGIM) is an Italian gas transport and storage company. The company reports that '*sustainability is integral to our business model*'[3] and has been an active issuer of ESG-labelled debt to achieve its decarbonisation. It now has c.EUR16 billion bond debt outstanding and has used green and transition bonds, EuGBs and SLBs.

However, as a company that transports fossil fuels, its true transition ultimately depends on changing its business to alternative and sustainable energy delivery. As part of its transition, the company aims to shift from a traditional natural gas midstream operator to a 'multi-molecule operator' by increasing its transportation of non-fossil gases, such as biomethane and hydrogen.[4]

Looking at Snam's emissions reporting, it seems still not to include the emissions of its transported gas,[5] despite guidance being available from CDP.[6] The company's latest transition plan also does not include these significant end-user emissions,[7] which Snam itself has historically estimated to be 100 times greater than Scope 1 + 2 emissions combined.[8] This lack of transparency may challenge the company's assertion that it is committed to transition.

In this note, we will analyse the company's bonds to see how they are supporting the transition and how the market is pricing the risk of each instrument.

Snam bond overview

Use of Proceeds (UoP) labelled bonds

Snam has issued several green and transition bonds. The outstanding bonds are shown in Table 1.

Table 1. Snam outstanding UoP labelled bonds (excl. convertible). Source: Bloomberg Finance L.P., accessed 17 Jun 2026.

Description	ISIN	Issue Date	Amount Outstanding (EUR million)	Label
SRGIM € 0.750% 2030	XS2190256706	17-Jun-20	750	Transition
SRGIM € 0.000% 2028	XS2268340010	07-Dec-20	600	Transition
SRGIM € 0.625% 2031	XS2358231798	30-Jun-21	500	Transition
SRGIM € 3.375% 2026	XS2562879192	28-Nov-22	300	Transition
SRGIM € 4.000% 2029	XS2725959683	27-Nov-23	650	Transition
SRGIM € 3.375% 2028	XS2767499275	19-Feb-24	500	Green
SRGIM € 3.250% 2032	XS3096163160	01-Jul-25	1,000	EuGB
SRGIM € 3.125% 2030	XS3406813124	22-Jun-26	750	EuGB

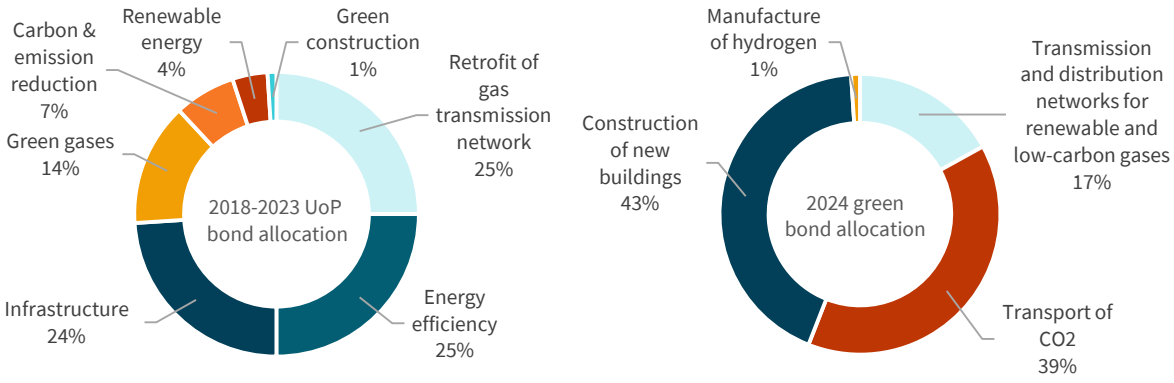
Eligible categories

The company's 2025 Sustainable Finance Annual Report highlights how proceeds were allocated for securities issued between 2018 and 2024. This includes loans and bonds that have matured.

[3] "Sustainability", Snam, accessed 19 Jun 2026.
[4] "Sustainable Finance Annual Report 2025", Snam, accessed 19 Jun 2026.
[5] We originally flagged this in our earlier report, "European gas TSOs: one pipeline to transport them all", AFII, 26 Nov 2024.
[6] "Guidance methodology for estimation of Scope 3 category 11 emissions for oil and gas companies", CDP, 21 Jan 2022.
[7] P.72, "Transition Plan Roadmap", Snam, 17 Oct 2024.
[8] "Collector of labelled debt: Snam's net-zero transition plan has much to prove", IEEFA, 27 Jan 2025.

As shown in Figure 2, around 40% of proceeds from 2018-2023 bonds were allocated to projects that could support Snam's goal of becoming a 'multi-molecule operator' (retrofit of gas transmission network and green gases).[9] Snam's 2024 green bond is aligned to the EU Taxonomy, with a lower proportion seemingly allocated to Scope 3 emissions reduction.

Figure 2. Snam UoP bond allocations. Source: Snam 2025 Sustainable Finance Annual Report.



SLB details

The company's first Sustainable Finance Framework (SFF) was published in 2021[10] and was subsequently followed by issuance of Snam's inaugural SLBs in Jan 2022. An updated framework was published in 2024, adding a social KPI and modifying emissions targets.[11] This was followed by a third SLB-specific edition last year, which dropped the separate natural gas emissions SPT and extended existing targets.[12] Table 2 below summarises these respective updates, while Table 3 summarises details of Snam's SLBs (including the new bond).

Table 2. Snam Sustainable Finance Frameworks. Source: Snam.

KPI	2021 Framework	2024 Framework	2025 Framework
KPI 1 Natural gas emissions reduction (%)	Baseline year: 2015 SPT 1: -55% by 31 Dec 2025	Baseline year: 2015 SPT 1a: -64.5% by 31 Dec 2027 SPT 1b: -70% by 31 Dec 2030 SPT 1c: -72% by 31 Dec 2032	*Now included in KPI 2**
KPI 2 Scope 1 + 2 GHG emissions reduction (%)	Baseline year: 2018 SPT 2.1: -40% by 31 Dec 2027 SPT 2.2: -50% by 31 Dec 2030	Baseline year: 2022 SPT 2a: -25% by 31 Dec 2027 SPT 2b: -40% by 31 Dec 2030 SPT 2c: -50% by 31 Dec 2032	Baseline year: 2022 (restated) SPT 2a: -25% by 31 Dec 2027 SPT 2b: -40% by 31 Dec 2030 SPT 2c: -50% by 31 Dec 2032 SPT 2d: -65% by 31 Dec 2035 SPT 2e: -86% by 31 Dec 2040 SPT 2f: -90% by 31 Dec 2050
KPI 3 Scope 3 GHG emissions reduction (%)	Baseline year: 2019 SPT 3: -46% by 31 Dec 2030	Baseline year: 2022 SPT 3a: -30% by 31 Dec 2030 SPT 3b: -35% by 31 Dec 2032	Baseline year: 2022 (restated) SPT 3a: -30% by 31 Dec 2030 SPT 3b: -35% by 31 Dec 2032 SPT 3c: -90% by 31 Dec 2050
KPI 4 Women in executive and middle-management roles (%)	*Not present in 2021 Framework*	SPT 4a: 27.5% by 31 Dec 2027 SPT 4b: 29% by 31 Dec 2030	SPT 4a: 27.5% by 31 Dec 2027 SPT 4b: 30% by 31 Dec 2030

*Snam states that it has *'standardized (its) KPIs to ensure consistency and market credibility, focusing on Scope 1&2, that already includes CH_4 emissions reduction, Scope 3 and a Social KPI'. Source: P.1, Sustainability Linked Financing Sustainable Finance Framework 2025*

[9] The carbon & emission reduction category includes projects with higher relevance for the achievement of Snam's Scope 1 + 2 GHG emission reduction targets.
[10] "2021 Sustainable Finance Framework", Snam, 29 Nov 2021.
[11] "Sustainable Finance Framework 2024", Snam, 9 Feb 2024.
[12] "Sustainability Linked Financing Sustainable Finance Framework 2025", Snam, 16 Apr 2025.

Table 3. Snam outstanding SLBs. Source: Snam, Bloomberg Finance L.P., accessed 16 Jun 2026.

Description	ISIN	Issue Date	SFF	SPTs	SPT Relationship	Max cumulative non-discounted step up	Amount Outstanding (million)
SRGIM € 0.750% 2029	XS2433211310	20-Jan-22	2021	1, 2.1	Any	0.75%	850
SRGIM € 1.250% 2034	XS2433226854	20-Jan-22	2021	2.2	1 SPT	0.75%	650
SRGIM € 3.875% 2034	XS2767499945	19-Feb-24	2024	2b, 3b	Each	1.00%	1,000
SRGIM € 3.375% 2031	XS2944871586	19-Nov-24	2024	2a, 3a	Each	1.00%	750
SRGIM £ 5.750% 2036	XS2944872121	19-Nov-24	2024	2c, 3b	Each	2.00%	600
SRGIM $ 5.000% 2030	XS3055654662	20-May-25	2025	2a	1 SPT	0.625%	750
SRGIM $ 5.750% 2035	XS3055657848	20-May-25	2025	2c, 3b	Any	0.625%	750
SRGIM $ 6.500% 2055	XS3055659620	20-May-25	2025	2f, 3c	Any	1.125%	500
SRGIM € 3.875% 2036	XS3406814445	15-Jun-26	2025	2c, 3b	Any	0.75%	750

As shown, the latest SLB focuses on Scope 1 + 2 and Scope 3 emissions reduction, with the possibility of a coupon step-up if either one or both targets are missed. Despite adding a social KPI in its 2024 SFF update, Snam has yet to utilise this target in any of its SLB financing. Furthermore, in its SLB issuance last year and this year, Snam has returned to a structure where if any SPT is missed (i.e. an and/or structure),[13] the coupon will step up by 0.25% per annum. This contrasts to previous SLBs issued in 2024, where there was a step-up for each target missed.

KPI 2, on Scope 1 + 2 emissions reduction, has been referenced in all of Snam's SLBs to date. The company's oldest SLBs, issued under the 2021 SFF, utilise a 2018 baseline. However, as shown by Table 2 above, the target levels were updated in the 2024 SFF, amending to a 2022 baseline and decreasing the target reduction required (for example, see SPT 2.1 vs 2a).

This KPI remained identical in the 2025 update, except with three longer-term reduction targets added. The same is also true for KPI 3, with an additional long term SPT added. The 2025 SFF update also saw Snam update its 2022 baselines for both KPI 2 and 3. The Scope 1 + 2 baseline was revised from 1,451 to 1,530 $ktCO_2e$, to incorporate the Piombino FSRU asset,[14] while the Scope 3 baseline was recalculated due to a change in emissions factor data provider, moving from 1,434 to 1,631 $ktCO_2e$.[15]

In summary, it seems the diversity of bonds issued offers investors a choice of which part of Snam's decarbonisation journey to support.[16] SLBs are focused on operational decarbonisation, by using primarily Scope 1 + 2 emissions reduction targets. The UoP bonds, however, have partially allocated to categories that prepare Snam to transport more sustainable molecules.

We will now analyse performance on the KPIs to understand Snam's decarbonisation journey.

KPI performance

[13] For a discussion of the pricing of structures with combined SPTs, please see page 3 in "A review of social KPI usage in SLBs", AFII, 18 Nov 2025.
[14] P.20, "Sustainability Linked Financing Sustainable Finance Framework 2025", Snam, 16 Apr 2025.
[15] P.22, ibid.
[16] For another example showing this please see "Relative value is in the eye of the Ahold-er", AFII, 18 Mar 2024.

KPI 1 – Natural gas emissions reduction

Snam's 0.750% 2029 SLB, issued under its 2021 SFF, has two SPTs, one of which references a 55% natural gas emissions reduction target by 31 Dec 2025. This is the only bond that uses this target and the only SPT that has passed its observation date.

As per the company's reporting, the target was actually met in 2023. It continues to be achieved – the 2025 figure was a 67% reduction vs. 2015.[17]

KPI 2 – Scope 1 + 2 GHG emissions reduction

Figure 3. Snam Scope 1 + 2 GHG emissions and future targets. Source: Snam 2025 Annual Report, 2025 SFF.

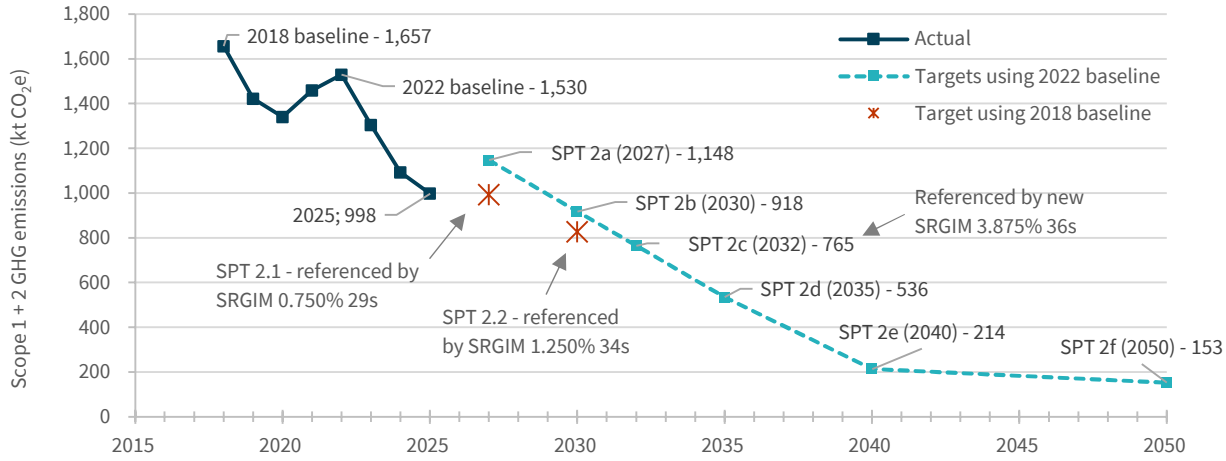


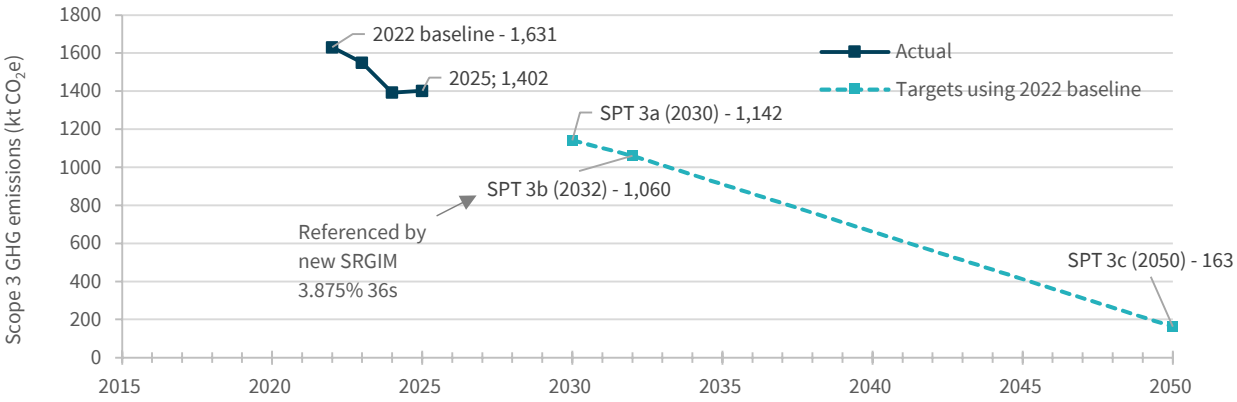
Figure 3 shows Snam's reporting on this KPI, as well as the two different target levels from its financing frameworks. As illustrated, the company's updated 2024/25 SFFs reduced the ambition of Scope 1 + 2 targets.

In our earlier report, which considered data only up to 2023, the differing levels of ambition seemed more relevant. However, substantial improvements have been made in the past two years and the company has currently achieved its 2027 target (SPT 2a). Snam is also very close to achieving SPT 2.1, the more ambitious target under its 2021 SFF, used by the 0.750% 2029s.

The KPI has displayed historic volatility, so there remains uncertainty. However, recent reporting has improved the trajectory and brought the more ambitious targets much closer to being met.

KPI 3 – Scope 3 GHG emissions reduction

Figure 4. Snam Scope 3 GHG emissions and future targets. Source: Snam 2025 Annual Report, 2025 SFF.



[17] "Sustainability Profile 2025", Snam, 22 May 2026.

Although Scope 3 emissions reduction was included as a target in Snam's 2021 SFF, neither bond issued under this framework referenced this SPT. Snam's subsequent SLBs issued under the 2024 and 2025 SFFs have since included Scope 3 targets.

As shown by Figure 4 above, Snam's Scope 3 emissions fell from 2022-24, before seeing a slight increase in 2025. Achievement of KPI 3 targets is therefore uncertain, especially as the nearest target is only due to be observed by the end of 2030.

Market pricing

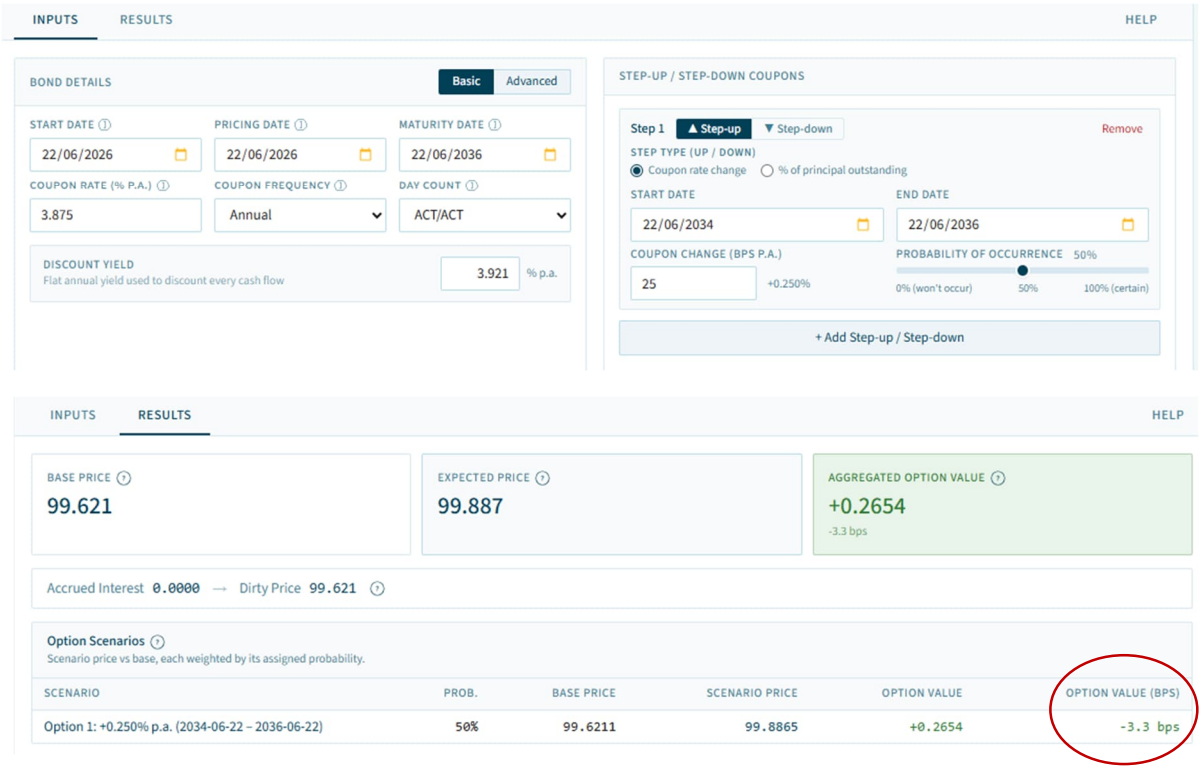
SLB option pricing of the new bond

We can use an option pricing approach to assess the value of the new SLB's step-up.[18] This calculation uses AFII's new SLB option pricing tool (illustrated in Figure 5).[19]

The 2036 bond has two targets: a 50% reduction in Scope 1 + 2 emissions by 31 Dec 2032 and/or a 35% reduction in Scope 3 emissions by the same date. As highlighted in the KPI performance section, both targets are sufficiently far away to assess their achievement as uncertain.

Therefore, using an illustrative 50% probability of the new SLB meeting its targets, this suggests the option is worth 3.3bps running.[20]

Figure 5. AFII SLB Pricer used for new SRGIM 3.875% 2036 SLB. Source: AFII, Bloomberg Finance L.P., accessed 22 Jun 2026

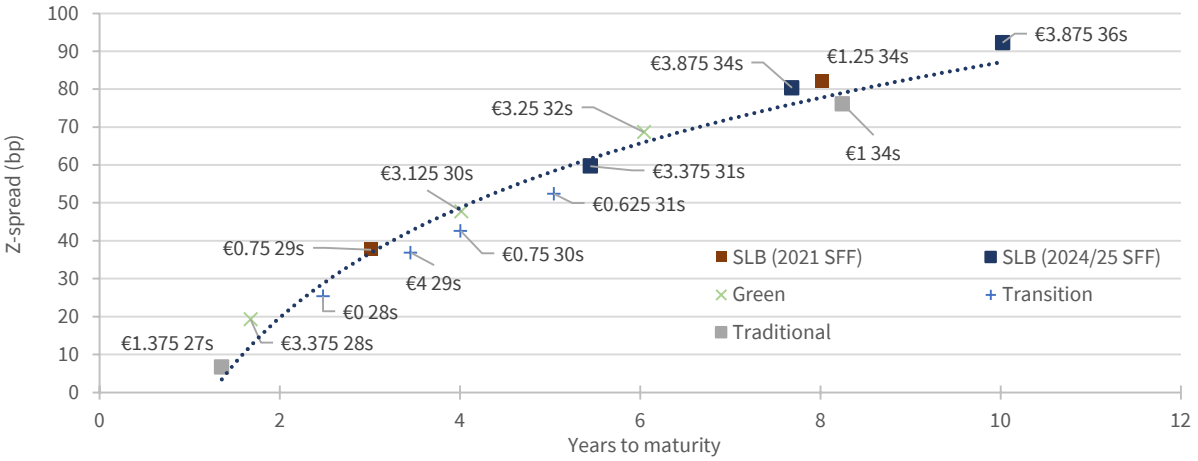


[18] For further details on option pricing, please see "Sustainability-Linked Bond Handbook", AFII, 12 May 2024.
[19] This is available under the Resources section of our website, or directly here.
[20] 3.921% used as discount yield (mid YTM of SLB as of 22 Jun 2026). Source: Bloomberg Finance L.P., accessed 22 Jun 2026.

Current secondary market pricing

Figure 6 illustrates current market pricing of Snam's EUR bonds, including the new 2030 EuGB and 2036 SLB. We have indicated the SLBs issued under the 2021 SFF, with the more ambitious Scope 1 + 2 targets, compared to those printed under the 2024/25 SFFs, which include Scope 3 SPTs.

Figure 6. Snam EUR bond curve (bonds with maturity >1yr and >EUR300mn outstanding). Source: Bloomberg Finance L.P., accessed 17 Jun 2026.



The new 2036 SLB extends Snam's EUR curve by two years. Therefore, pricing analysis of this bond is difficult, given no near maturity comparables.

We can explore the relative pricing of the SLB compared to the 3.125% 2030 EuGB tranche issued alongside. The EuGB is trading slightly tight to the curve. However, it is wider than a similar maturity existing transition bond, which may indicate some new issue premium is still included. The EuGB closed with a book cover ratio of 1.3x, compared to the SLB, which closed 1.9x covered.[21]

Looking at the full curve, it can be observed that Snam's transition bonds all seem tight to the curve, in contrast to the company's SLBs, which are generally a little wider.

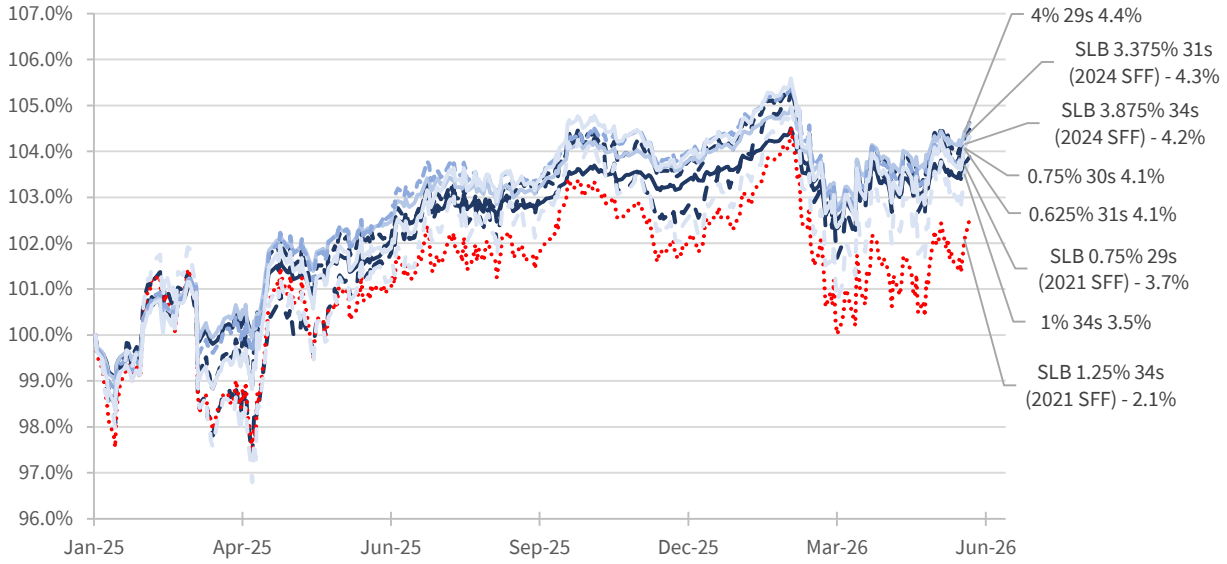
This could suggest higher investor interest in the UoP structures (potentially contrary to the book covers of the recent deal), which may indicate higher investor support for products that work to reduce Snam's Scope 3 emissions, coming from its transported gas.

Historic performance

We also investigated how Snam's EUR SLBs have performed historically, to explore whether any differences in performance can provide insight into how the targets are being viewed by the market. This is shown below in Figure 7.

[21] For earlier analysis showing EuGBs with lower book cover, please see "A2A pricing review across bond labels", AFII, 12 Mar 2026.

Figure 7. Snam EUR bond historic performance including carry, 2 Jan 2025 – 16 Jun 2026 for bonds issued before then. Source: Bloomberg Finance L.P, accessed 16 Jun 2026.



What appears notable is that the 1.25% 2034s have underperformed on a total return basis compared to bonds with a similar maturity/duration. Investigating the spread performance of the three 2034 maturity bonds also seems to support this point, with the 1.25% 2034 SLB underperforming in recent months. This bond uses the 2030 Scope 1 + 2 emissions target from the first SFF, i.e. the more ambitious target. The second bond using the same SFF, the 0.75% 2029s, slightly underperformed relative to similar maturity bonds, but without such a marked difference.

Therefore, its performance could be interpreted as the market believing that the more ambitious target is likely to be met, and so a lower probability of receiving a step-up coupon. This would correlate with the improved performance in KPI 2 in recent years, perhaps providing some evidence that the market is efficiently digesting recent reporting.

Conversely, the stronger performance of the 3.375% 2031s and 3.875% 2034s SLBs could also be interpreted as the market thinking Scope 3 targets may be missed, with the possibility of premium payments at maturity.

Conclusions

Snam is one of Europe's largest gas transportation and storage companies. A key part of its transition plan is shifting to become a 'multi-molecule operator', i.e. transporting greener, non-fossil gases.

The company has been a regular issuer of ESG-labelled debt to support this ambition. By using a diverse range of structures, it offers investors the choice of which part of its transition to support.

Its SLBs reference direct emissions, and some sections of Scope 3 emissions, although the company does not report the emissions of its transported gas. Recent KPI performance, particularly on Scope 1 + 2, has seen notable improvement, although targets have been made weaker. This improved trajectory seems to have correlated with bonds referencing the more ambitious targets underperforming, perhaps due to investors no longer expecting a coupon step-up on those bonds.

Snam's UoP bonds highlight a significant proportion of proceeds allocated to retrofitting networks and greener gases, which could help to transition its business away from fossil gas. Current market

pricing illustrates Snam's transition bonds are trading tighter to the curve, perhaps suggesting higher investor support for this part of the company's transition plan.

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