

# REPORTS (INCLUDING ANONYMOUS ONES) RECEIVED BY SNAM RETE GAS AND ITS SUBSIDIARIES

## 1. OBJECTIVE

This Regulation aims at establishing flows of information enabling the reception, analysis and processing of reports disclosing irregularities concerning the internal control system (ICS), corporate reporting, company administrative liability, frauds, or other issues (violation of the Code of Practice, mobbing practices, thefts, security issues, etc.), submitted by employees (including top managers), members of company Boards or third parties, including reports received confidentially or anonymously.

## 2. SCOPE OF APPLICATION

This Regulation applies to all Snam Rete Gas departments and its Subsidiaries

## 3. REFERENCES

### External reference

- Art. 2408 of the Civil Code, regarding reports of alleged irregularities submitted to the Board of Auditors by shareholders.
- Art. 149 of Legislative Decree No. 58, 24 February 1998 ("Decreto Draghi"), on the Board Of Auditors' duty to supervise the "Internal control system" and the "Administrative-accounting system".
- Art. 6.2.d) of Legislative Decree No.231, 8 June 2001, with regard to the duty to inform the Watch Structure of reports concerning the "Organisational, management and control model, under Legislative Decree no. 231/2001".
- Self-regulation code of the Italian Stock Exchange, regarding the Board of Directors' responsibility, assisted by the Internal Control Committee, to draw up guidelines and periodically assess the effectiveness and adequacy of the ICS, and the CEO's duty to implement the Board's decisions through planning, application and management of the ICS, continuously verifying its overall adequacy, effectiveness and efficiency.
- Consob Communication No. DAC/RM/97001574, 20.02.1997, about the extension of the Board of Auditors' duty to receive reports from persons other than shareholders, including employees (only for listed companies).

### Internal reference

- Eni Code of Practice, approved by resolution of the Board of Directors on 21 October 1998 and 31 July 2003 (Addendum), also approved by Snam Rete Gas S.p.A with a resolution of the Board of Directors on 1st december 2001, about guiding principles concerning transparency and accuracy of company reporting and the employees' (including top managers') obligation to report omissions, falsifications and negligence in accounting or in the documentation on which accounting records are based (hereinafter Code of practice).
- Organisational, management and control model pursuant to Legislative Decree no. 231, 2001, approved at meetings of Board of Directors, dated 23 april 2004.
- Regulation of Snam Rete Gas Internal Control Committee, approved by a resolution of the Board of Directors on 6 december 2005, about the entitlement of said Committee to assist the Board of Directors in drawing up ICS guidelines and in the periodic monitoring of its effectiveness and adequacy.

## **4. DEFINITIONS**

### **4.1 REPORTS**

“Reports”, for the purposes of this Regulation, means any notification of possible violations, behaviours and practices not in keeping with Eni Code of Practice and/or which may damage or be detrimental to Snam Rete Gas S.p.A. (even if only in its public image) or one of its Subsidiaries, perpetrated by employees (including top managers), members of company Boards (Board of Directors and Board of Auditors), External Auditors of Snam Rete Gas S.p.A. and its Subsidiaries, and third parties (partners, clients, suppliers, consultants, collaborators) in business relations with these companies, in one or more of the following areas:

- internal control system,
- accounting, internal accounting checks, auditing of accounts, frauds,
- company administrative responsibility under Legislative Decree 231/2001,
- other issues (such as, for instance: violation of the Code of Practice, mobbing practices, thefts, security, etc.).

Without prejudice to the instances of fraud, this Regulation does not apply to operational anomalies that might be detected by the company structures during internal controls under the Sarbanes-Oxley Act. These anomalies are managed within the periodic reporting structures.

### **4.2 ANONYMOUS REPORTS**

“Anonymous reports” means any report originating from an individual whose contact details are not available, nor traceable.

### **4.3 “BAD FAITH” REPORTS**

“Reports in bad faith” means ungrounded reports, aimed at damaging, or otherwise being detrimental to, employees (including top managers), members of company Boards (Board of Directors, Board of Auditors), the External Auditors of Snam Rete Gas S.p.A. and its Subsidiaries, Subsidiaries, third parties (partners, clients, suppliers, consultants, collaborators) in business relations with Snam Rete Gas S.p.A. and/or its Subsidiaries.

### **4.4 REPORTS WITH A POTENTIALLY SERIOUS IMPACT**

“Reports with a potentially serious impact” refers to those concerning operational anomalies and/or frauds which are liable to entail an estimated economic impact to Snam Rete Gas S.p.A. and/or its Subsidiaries, which is equal to or exceeding one million euro and/or events which concern members of company Boards, top management of Snam Rete Gas S.p.A..

## **5 PROCESS DESCRIPTION**

### **5.1 GUIDING PRINCIPLES**

Section 3.2 of Eni Code of Practice states: “It is Eni’s policy to disseminate, at every level of its organization, a culture characterized by an awareness of the existence of controls and a control oriented mentality. A positive attitude toward control is to be achieved in order to increase its efficiency. Internal controls are all those necessary or useful tools for addressing, managing and checking activities in the company; they aim at ensuring respect of corporate laws and procedures, protecting corporate assets, efficiently managing operations and providing precise and complete accounting information. The responsibility for building an efficient internal control system rests on all levels of the organization; therefore all Eni employees, in their

respective functions, are responsible for the definition and proper functioning of internal controls”.

#### **5.1.1 Guarantee of anonymity**

Any organizational office/position within Snam Rete Gas S.p.A. and its Subsidiaries receiving and processing reports shall ensure complete confidentiality and anonymity concerning the whistleblowers.

#### **5.1.2 Protection against reports in “bad faith”**

“Eni expects all its employees, at every level, to cooperate in maintaining a climate of reciprocal respect for a person’s dignity, honour and reputation. Eni shall do its best to prevent the emergence of attitudes that can be considered offensive”<sup>1</sup>. Consequently, Snam Rete Gas S.p.A. and its Subsidiaries guarantee adequate protection against reports in “bad faith”, by condemning such conducts and informing the persons/ companies affected in case of proven “bad faith”.

### **5.2 COMMUNICATION FLOWS**

In order to facilitate the reporting concerning issues described in par. “5.1. Reports” above, Snam Rete Gas S.p.A. deploys all possible channels of communication pointed out in Attached 1.

Provision and maintenance of such communication channels is ensured by Internal Audit (INTAU).

### **5.3 WHISTLEBLOWERS**

Reports may originate from any source: employees (including top managers), members of company Boards (Board of Directors and Board of Auditors), shareholders, partners, clients and suppliers of Snam Rete Gas S.p.A., its Subsidiaries, or other third parties.

### **5.4 INCRIMINATED PARTIES**

Reports may concern employees (including top managers), members of company Boards (Board of Directors and Board of Auditors), External Auditors of Snam Rete Gas S.p.A. and its Subsidiaries, and others (partners, clients, suppliers and collaborators) in business relations with Snam Rete Gas S.p.A. and/or its Subsidiaries.

### **5.5 REPORT RECIPIENTS**

The recipients of the reports (employees, including top managers; members of company Boards, Watch Structures, Guarantors of the Code of Practice, auditors) shall promptly submit the original material received to INTAU, maintaining the confidentiality required to ensure the effectiveness of the investigations and to protect the reputation of the persons involved.

Any additional documentation related to the reported event shall also be forwarded to INTAU (e.g. results of controls, verifications, audits carried out at the request of Snam Rete Gas S.p.A. Control Bodies in relation to their own internal operations) for the relevant checks.

### **5.6 PRELIMINARY INVESTIGATION**

Preliminary investigations started up by received reports are differentiated according to the thematic they are related to such as: ICS, accounting, internal accounting checks, auditing of accounts, frauds, company administrative responsibility under Legislative Decree 231/2001, other issues such as, for instance, violation of the Code of Practice, mobbing practices, thefts, security, etc.

Consequently INTAU:

1. enters each report received in the "Register of reports";
2. records the information on each report in a "Report Datasheet", which is then filed in the "Management, monitoring and presentation system of reports" (see par. 8 "Filing of documentation" hereunder);
3. carries out preliminary investigations concerned to ICS, accounting, internal accounting checks, auditing of accounts, frauds, company administrative responsibility under Legislative Decree 231/2001;
4. submits the reports concerning "other issues" (violation of the Code of Practice, mobbing practices, thefts, security, etc.) to the relevant authorities/offices which carry out the subsequent investigation activities and forward a copy of the final report to INTAU, which then update the "Report Datasheet".
5. promptly informs:

(i) Eni S.p.A Internal Audit Department;

(ii) the Board of Auditors of Snam Rete Gas S.p.A., or its Subsidiaries, according to the competences, in the event of reports concerning "potentially serious matters"; the latter decides whether to convene an extraordinary meeting to adopt a resolution;

(iii) the Watch Structure of Snam Rete Gas S.p.A., or its Subsidiaries, for "issues concerning company administrative responsibility under Legislative Decree 231/2001", according to the competences.

### **5.6.1 Work Group**

Throughout the preliminary investigation, the Internal Audit Department ensures that only expert, qualified and impartial investigators are involved.

### **5.6.2 Preliminary check**

Reports concerning issues under par. 5.1. "Reports", with the exception of those regarding "other issues", assigned to the relevant authorities, are subject to a preliminary check.

The objective of the preliminary check is to assess the legal and practical implications of the report, and to decide whether or not to proceed with the investigation. The activities are carried out by INTAU, in collaboration with the Human Resources and Organization Department (PERORG), the General Affairs Department (AFFGEN), and, with regard to accounting, internal accounting controls, auditing and frauds, with the Administration, Finance and Control Department (AMMCO) of Snam Rete Gas S.p.A.. When the recipient of the report is the Guarantor of the Code of Practice, the latter also takes part in the preliminary check.

As to "issues concerning accounting, internal accounting controls, auditing and frauds, with reports affecting executives, managers, top managers, members of the company Boards and the External Auditors of Snam Rete Gas S.p.A. and its Subsidiaries", the decision to carry out further checks or to initiate a subsequent phase of investigation rests with Snam Rete Gas S.p.A. Board of Auditors.

If the report concerns a Subsidiary company, the above is without prejudice to the legal prerogatives of the Subsidiary's Board of Auditors.

As to "issues concerning the company's administrative liability under Legislative Decree. 231/2001", the decision to undertake further checks or to initiate a

subsequent phase of investigation rests with the Watch Structure of Snam Rete Gas S.p.A. or of the Subsidiary in question<sup>2</sup>.

Snam Rete Gas S.p.A. Watch Structure informs the Board of Auditors of the decisions taken.

The two bodies separately decide whether to proceed with investigations. A decision in favour by one of the two is sufficient.

Once the preliminary check is closed, INTAU updates the "Report Datasheet" and, in cases where it is decided not to proceed, files the report.

### **5.6.3 Investigation**

INTAU acquires the necessary data from the company/office in question.

On the basis of the data available, INTAU assesses, in collaboration with the same departments described in paragraph 6.6.2 and according to the modality there described about preliminary check, whether there are grounds for undertaking an audit.

INTAU files reports for which an audit has not been activated and updates the "Report Datasheet".

INTAU ensures that the phases of preliminary checks and investigations are carried out as promptly as possible.

### **5.6.4 Audits**

Auditing activities are carried out by INTAU, with priority over scheduled annual audits.

In carrying out the audit, including all the required interviews to the reporter, to the person against whom allegations are made, and any witnesses, the work group complies with the operational standards of the relevant Internal Audit Office, drawn up in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA).

The audits are carried out as promptly as possible and the results are assessed by INTAU, in collaboration with PERORG, AFFGEN, and, for "issues concerning accounting, internal accounting controls, auditing and frauds", with AMMCO.

The company top management defines an "Action Plan", in collaboration with the above mentioned offices, to solve any critical situation. Each planning shall also include the relevant deadline for the corrective measure, and the organizational position and name of the person responsible for its implementation.

Once the audit process is finalized, INTAU updates the "Report Datasheet".

### **5.6.5 Bad faith**

If the preliminary check/investigation/audit provides objective evidence of the whistleblower's "bad faith", INTAU, PERORG and AFFGEN shall agree on the action to be taken, ensure its implementation and promptly inform the party against whom the report was submitted.

### **5.6.6 Follow-up**

INTAU ensures that the development of the action plans for each audit is monitored.

The company top management may agree with INTAU any extension to the set deadlines, by providing detailed grounds.

INTAU may decide, during definition and implementation of the annual programme, on the basis of the results of monitoring or upon request of Snam Rete Gas S.p.A. Board of Auditors or Snam Rete Gas S.p.A. Watch Structure, to proceed with operational follow-up on the ground, in order to verify that critical situations have been effectively resolved and monitor the development of the action plan.

Once the follow-up is finalized, INTAU updates the "Report Datasheet".

## **5.7 REPORTING**

INTAU provides for the following reporting channels:

### **Periodic reporting**

- Quarterly: basic information included in the "Management, monitoring and reporting system", registering all reports received and the relevant work in progress, or in any case the information about lack of reports.
- Half-yearly: statistics concerning the reports.

The above are submitted to:

- Eni S.p.A. Internal Audit Department
- the Chairman, CEO, Board of Auditors, Internal Control Committee and External Auditors of Snam Rete Gas S.p.A.,
- as to issues concerning accounting, internal accounting controls, auditing and frauds, the above mentioned list includes the CFO,
- with regard to company administrative liability under Legislative Decree 231/2001, the above mentioned list includes Snam Rete Gas S.p.A. Watch Structure.

**Executive Summary** of the Audit Report, submitted to the Eni S.p.A. Internal Audit Department, to the Chairman, to the CEO<sup>3</sup>, to the top management, to the Board of Auditors, to the Internal Control Committee, and to the external auditors of Snam Rete Gas S.p.A., and, for "issues concerning company administrative liability under Legislative Decree 231/2001", the above mentioned list includes Snam Rete Gas S.p.A. Watch Structure. If the report was submitted to the Guarantor of the Code of Practice, an additional copy of the executive summary shall be provided to the latter.

**Audit Report**, submitted to the CEO, to the top management, to the CFO, as well as to any other Director/Manager of the office concerned. The Audit Report is also disseminated to the Board of Auditors, the Internal Control Committee, the External Auditors and the Watch Structure of Snam Rete Gas S.p.A., if required. If the report was submitted to the Guarantor of the Code of Practice, an additional copy of the Audit Report is to be provided to the latter, if requested.

**Brief** on the outcome of the preliminary investigation to Eni S.p.A. Internal Audit Department, Boards of Auditors, Internal Control Committees and Watch Structures of Subsidiaries, with regard to reports affecting these companies.

**Feedback** to the parties who submitted the report concerning the outcome of the

preliminary investigation.

This is without prejudice to the system of reporting to and from Snam Rete Gas S.p.A. Watch Structure, under the organisational, management and control model, under Legislative Decree. No. 231/2001.

## **6. RESPONSIBILITY FOR MONITORING THE ADEQUACY AND THE UPDATING OF THE REGULATION**

INTAU is responsible for the update of this regulation, in collaboration with the Organization Department (ORG), AFFGEN and, for issues concerning accounting, internal accounting controls, audit and frauds, with AMMCO, according to the development of laws regulations and specific company requirements.

INTAU, moreover, shall monitor the distribution of this regulation.

INTAU is responsible for the updating of Attached 1 "communication channels" .

## **7. DOCUMENTATION FILING**

It is the responsibility of those who receive the reports to file a copy of all relevant documentation, including any attachment.

In order to ensure the management and traceability of reports and the ensuing preliminary investigations, INTAU provides and updates a "Management, monitoring and reporting system", wherein the standard "Report Datasheets" are recorded, thus ensuring that all the relevant ancillary documentation is duly recorded.

INTAU also ensures that the original reporting documentation is filed in ad hoc paper/ electronic archives, provided with the highest security/confidentiality levels, for not less than six months.

The work papers concerning audits on the reports are filed in the general INTAU archive.

The processing of personal details of the persons involved in and/or referred to in reports is protected by the legislation in force and, in particular by company procedures on privacy.

## **COMMUNICATION CHANNELS**

Communication channels:

- Ordinary mail: Snam Rete Gas S.p.A., Internal Audit, piazza Santa Barbara, 7, 20097 San Donato Milanese;
- Fax: +39.02.52038674;
- Electronic mail: [Segnalazioni@snamretegas.it](mailto:Segnalazioni@snamretegas.it)

## **NOTES**

1 Code of practice, section 4.1

2 The Watch Structure may engage independent consultants or other experts, also through the competent company structures, as it deems to be necessary, under the "autonomous power of initiative and control" under Art. 6 paragraph 1 sub-paragraph b) of Legislative Decree 231/2001

3 Together with the full Audit Report