

People are the focal point of a virtuous corporate organisation. And they are even more central during transition phases, as 2009 was for Snam Rete Gas.

Disclosure on management approach

The Corporate Systems, Human Resources and Services Manager responds to key questions

What was the main development in managing personnel in 2009? And what are the prospects, especially in light of the integration with Stogit and Italgas?

The event of year was certainly the creation of the new group formed from Snam Rete Gas, GNL Italia, Stogit and Italgas, and the consequent integration project in which we have called on a great many people to actively participate. The initiative is a unique one of its kind, because the reorganisation was drawn up together with a group of 300 people including executives, middle managers and young graduates, and it was shared by involving all personnel in order to make them feel a part of the current change.

But the process of integration does not end with the redefinition of the organisational structure. It is a project that will see us all involved in the coming months.

The activities to implement the new organisational model will influence the daily work of each and every one of us, and differently according to our roles and responsibilities. Competence, talent, enthusiasm and relational capacity are strategic factors, capable of making the difference in terms of efficiency and operating results, and it is essential to reach the objectives.

This new group, bigger and more articulated, will offer greater opportunities for professional growth, in particular for the young and the talented, for whom there will be opportunities to demonstrate all of their value.

The enhancement of personnel and the development of professionalism, as a key factor for business growth, will be an integral part of our cultural heritage and of our system of values: the training and involvement of personnel will constitute the principal tools for favouring full comprehension of the operating logic and methods that are our distinguishing characteristic.

How are the principles of the sustainable development policy implemented in the development of people?

Developing and increasing the capacities of people, in line with the Group's business development strategy, and enhancing the distinctive skills set within the Group, are the principal objectives for the coming years. We also want to provide information that is transparent, clear and consistent, by means of an effective corporate intranet and regular meetings with the top management, and we want to contribute to creating a positive climate, keeping the degree of involvement high in the corporate processes. Then there is the subject of our people's safety, which will be ensured by joint measures that are in line with the analysis of injury rates and will be strengthened by the dissemination of a corporate culture that places safety at the centre of everyone's attention.

What impact will the reorganisation have on the personnel of the four companies?

An integration of several companies is first and foremost an integration of skills, knowledge and company cultures, placed at the service of a new business model. The most evident aspect to emerge from the reorganisation is the significant turnover that the integration brings to the management and staff of the four companies involved. The change in duties and responsibilities reflects the capacity of the managerial group to get involved and take on new challenges. The turnover has been conducted by following twofold criteria: renewal, which brings new blood and creativity into the management of the company, and exchange, which is essential to favour real integration of the repository of knowledge contained within the four companies. The new organisational structure will involve a new way of operating for everyone: the staff functions will have to provide a prompt, effective service to a greater number of persons and in a wider context. For those who work in operational activities, the change will mean pooling and sharing technical knowledge with other colleagues, in the process increasing their own knowledge.

Employment

EMPLOYMENT (DATA AS AT 31 DECEMBER 2009)

	Snam Rete Gas	GNL Italia	Stogit	Italgas	Total
Employees in service	2,254	87	301	3,545	6,187
University graduates	272	11	53	250	586
High school diploma holders	1,271	50	130	1,659	3,110
Permanent employment contracts	2,111	80	284	3,482	5,957
Employees regulated by CCNL (National Labour Contract)	2,254	87	301	3,545	6,187
Average age	45	40	46	49	47
Length of time in service	20	13	22	23	22

As at 31 December 2009, overall 6,187 persons work at Snam Rete Gas Group. The breakdown of employees in service as at 31 December 2009 is as follows: Executives (2%), Middle Managers (8%), Office workers (53.6%) and Manual workers (36.4%).

96.3% of employees have a permanent employment contract, and 145 people have an apprenticeship or trainee contract.

51% of employees work in the North of Italy, 22.1% in Central Italy and 26.9% in the South and in Sicily. The concentration in the North of the country is principally due to the presence of the company's head offices in San Donato Milanese and in Turin, and the presence of the GNL Italia facility in the province of La Spezia.

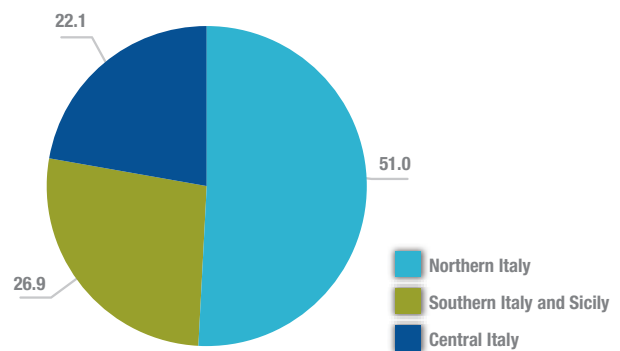
In 2009 we hired 168 new employees: of these, most (108) were hired in the North of Italy, 52 were hired in the Southern regions and 8 in Central Italy.

Of the new hires 18% are degree holders and 55% have a high school diploma. At year end the percentage of all personnel holding degrees was 9.5%, with 50.3% having a high school diploma.

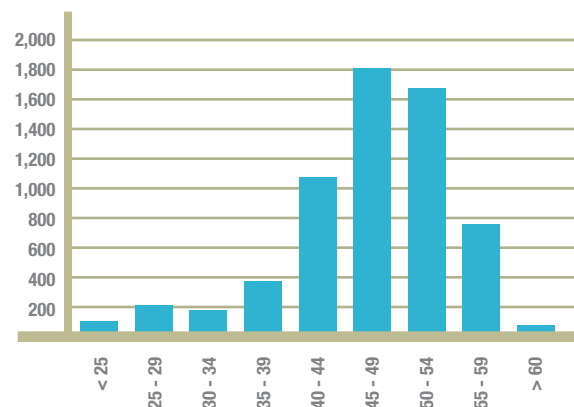
The average age of the personnel employed in the group is 47 years, while the average length of service is around 22 years.

255 people left the Snam Rete Gas Group in 2009, of which 155 either had reached the age requirement and level of contributions necessary to obtain their pensions. The people left are comprehensive of 3 lay-offs, 34 persons in mobility and 45 transfers of personnel to Eni companies.

DISTRIBUTION OF PERSONNEL BY GEOGRAPHIC REGION (%)



DISTRIBUTION OF PERSONNEL BY AGE (No.)



EMPLOYEES IN SERVICE AS AT 31 DECEMBER 2009

Position	Snam Rete Gas	GNL Italia	Stogit	Italgas	Total
Executives	66	3	7	45	121
Middle managers	263	9	50	171	493
Office workers	1,215	31	201	1,873	3,320
Manual workers	710	44	43	1,456	2,253
Total	2,254	87	301	3,545	6,187

Equal opportunities

In line with our Code of Ethics, we guarantee equal opportunities and we do everything in our power to avoid all forms of discrimination that may result from differences in sex, age, state of health, nationality, political opinions or religious beliefs. In the company's recruitment policy we guarantee equal opportunities to all candidates without any form of discrimination. Assessment of the candidates' professional profiles and any psychological or attitude testing is performed with the utmost respect for the candidates' private lives and personal opinions.

Women hired in 2009 made up 23% of the total, a percentage that is significantly higher than the average total percentage of females in the workforce in the five-year period (9.7%). The values reflect the characteristics of our activities which, since they require availability for shift work and continuous travel and movement, are not always attractive to female candidates.

In 2009, 103 people worked with a part-time contract (including 99 office workers). As regards maternity leave, employees are offered better treatment than that envisaged by law, and the company benefits are enjoyed by all employees. During the period of compulsory leave, we calculate maternity pay on the basis of 100% (rather than the 80% established by law) of the salary of the month prior to that of the employee's absence from work. In 2009, 41 employees, male and female, took leave periods.

The Group employs 325 people with disabilities. For us, hiring people with disabilities is not merely a legal obligation. It also demonstrates our willingness to encourage the introduction and inclusion of such persons in the organisation.

Industrial relations

We guarantee all employees the right to freely express their own opinions, to join associations and to carry out union activities. In 2009, 55.3% of employees were members of a union organisation. We set aside specific areas for union activity and we grant permission to employees to conduct such activity, in accordance with the rules established by the legislation in force and by the labour contract for the industry.

Relations with union organisations, which are characterised by discussion on areas relating to the acquisition of Italgas and Stogit and the resulting reorganisation, have proceeded in a constructive man-

ner. The debate between the parties has also been extended to other areas including renewal of the unitary trade union representatives (RSU), and safety, and locally on working hours and the impact of the organisational reviews implemented over the course of the year. In 2009, overall 229 meetings were held between the companies and union representatives.

Listening and promoting participation

Promoting participation, through listening to the needs of people and requests for improvement, contributes to building a positive internal climate and to increasing the degree of satisfaction of employees in conducting their activities.

Systematically planned listening tools for the management and development of personnel consist of motivational interviews with young graduates and manager/employee feedback meetings held as part of the assessment process.

In addition to consolidating the traditional channels and surveying the quality of the internal organisational climate, 2009 also saw some other important initiatives: the experiment with forums on the intranet platform in Snam Rete Gas (with almost 50 discussions begun over the course of the year) and the Italgas CEO's blog (begun in December).

The "energy" programme also represents an important initiative for promoting participation: those involved in the project activities are actively contributing to build the effective functioning of the activities of the new structure, while a great many information instruments have been put in place (videonews and newsletters) to serve the rest of the corporate population.

Also in this area, we have created a common intranet platform - a further example of integration - the aim of which is to disseminate the main information about the organisation together with news and projects. The dissemination of information on a single platform for the four companies helps to create the awareness of belonging to a single Group, and helps to consolidate a common culture with which everyone can identify.

As well as this, to make the processes of involvement and participation even more effective for all personnel, at all Maintenance Centres and Compressors Stations of Snam Rete Gas we have installed a computer access point, which is available to the operations personnel and with which they can consult information of general interest, access the principal corporate services and consult technical standards. The access point also allows the employees to avail of a useful tool for work and up-to-date information, so that they will feel involved in the changes currently underway.

the network of our opinions

The survey on the climate in the organisation, known as "The network of our opinions" ("La rete delle nostre opinioni"), was conducted in December 2008 as a continuation of similar experiments conducted in previous years (2003 and 2005). The difference from previous years is that this survey involved the entire corporate population. The personnel of Snam Rete Gas were asked to express their opinions and expectations of the company, in order to be able to focus on the areas considered to be most important and so identify possible measures to improve our way of working. The survey was based on the anonymous completion of a questionnaire of 66 questions. The questionnaire could be completed online or in hardcopy, to enable everyone to participate. The structure, contents and methods of the survey were outlined to the union representatives before the survey was carried out.

The percentage of participation was 89.9% of all personnel (a percentage that rises to 90.3% if we also consider the number of re-

sponses "on paper"). This is an important result, which demonstrates the sense of belonging and the desire to participate in the improvement process. This value is significantly higher than the rate of participation found in similar surveys, as noted by the Hay Group consulting company, which provided methodological support for the entire project, both in preparing the questionnaire and in analysing the results.

The overall index of satisfaction (calculated on the total number of answers submitted) is 44%, which is in line both with similar surveys conducted in Italian industrial companies by the Hay Group and also with the previous surveys conducted in Snam Rete Gas.

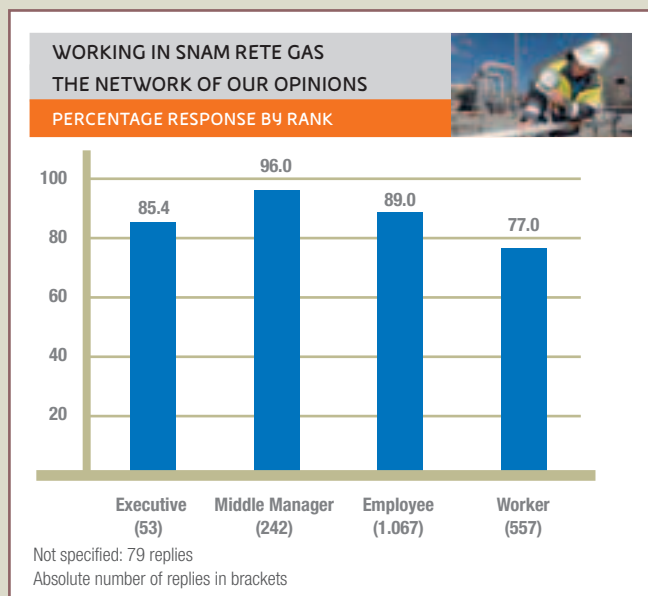
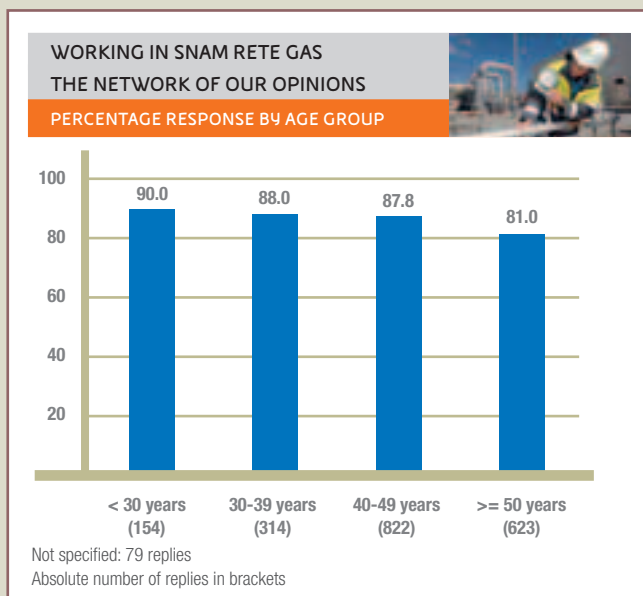
The profile that emerges is positive: the perception is that of an established and solid company, with a positive external reputation, confirmed by an acknowledged priority accorded to the environment and to personnel. The strong sense of belonging, the sharing of the corporate values and culture, the clarity on the results to be achieved and the guarantee of organised relations within the units are all important, tangible characteristics of daily working life, expressed by the majority of personnel. In addition to these positively-assessed aspects, personnel also perceive the need for

a company that is more flexible, dynamic in its decisional processes, and featuring greater interfunctional integration. Personnel have shown an explicit willingness to do more and do better, and to actively participate in the processes of internal improvement.

However, female personnel (who are generally more critical) perceive, much more than their male colleagues, the inadequacies of the company's attention to the need for balance between private life and working life, and to the assignment of reasonable workloads.

At the annual meeting held in early April and after the summer we presented the principal results of the survey to the executives and to the union representatives, respectively.

Obviously, with the reference scenario changing in February while defining the areas of intervention, with the integration of Stogit and Italgas, the points that emerged were, and will continue to be, important inputs to the process of drawing up the new company programmes (for example, for communication and training) necessary for implementing the new organisational model. The "energie" program and the communication actions associated with them are also a response to the requests for greater involvement and information found by the analysis.



Developing skills

The training measures implemented in 2009 were aimed at developing capabilities and knowledge that are distinctive to the Snam Rete Gas group, in line with the organisational, business and market context.

The basic objectives to which the training actions provided respond have followed a criterion of continuity with what has been done in previous years, and they have concentrated on consolidating the partnership in order to listen closely to requirements, and on constructing shared training paths geared to the needs of the employees, the professional families and the corporate objectives. They have also concentrated on giving constant feedback on the courses provided and in putting together tailored courses for specific requirements, and on the development of knowledge and skills within the company by favouring the pooling and integration of know-how. Overall in 2009 we provided about 153,700 hours of training (around 25 hours per employee) with 15,484 attendances. The percentage of the corporate population involved in training courses was greater than 76%, testifying to an ongoing and wide-ranging commitment. The commitment to professional technical training to further the development and consolidation of specialist technical know-how continued with great intensity, and these activities saw involvement from all technical and operational personnel. At the same time we set up a number of specific training courses, which were aimed principally at the professional families of the operations area. The content of these courses was targeted both at supporting specialist knowledge and also at easing the introduction of new and more efficient information tools to support the processes of gas operation and maintenance. Evidence of the commitment expended in this area is testified by the fact that around 50% of the training hours provided address these activities.

We implemented specific training programmes on topics of administrative legal responsibility pursuant to Italian legislative decree no. 231 of 8 June 2001 ("231 Model"), and in the areas of quality, health, safety and environment, as well as the established training activities on specific risks and environmental protection. The im-

pacts deriving from Legislative Decree no. 81/2008 (Consolidated Act on Health and Safety in the Workplace) are considerable, as are those deriving from current legislation on tenders, with consequent training activities being held to update all personnel.

Of particular note are the training activities conducted to obtain OHSAS 18001 certification for the parent company, which saw the involvement of the entire corporate population in specific courses on their corporate role, and the continuation of the safe driving project, with the participation of over 600 personnel.

Overall around 27% of the total number of hours of training provided concentrated on this area.

For newly hired graduates in the company, we have redesigned and implemented the new introduction path, which has been made more consistent with the new requirements of the Group.

Also for the graduates, we have set up a special pilot project for a group of young new hires with primary engineering degrees. The objective is to create, within a shorter timescale than previously, a team of people with a solid technical foundation and with the necessary managerial skills to assume greater responsibilities in Operations in the near future.

The commitment to developing managerial skills has continued for the population of executives and middle managers, through participation in specific training courses. This population has also been closely involved with the "energie" program associated with the process of integration between Snam Rete Gas, GNL Italia, Stogit and Italgas.

For middle managers, we have set up three opportunities for information, discussion and pooling on corporate strategies.

In particular, we have set up the "Snam Rete Gas: Developments and Synergies Towards an Integrated Energy Market" workshop, with the objective of ensuring awareness of the business context, in the light of the acquisitions made, and illustrating the principal thrusts of the strategic plan.

At this meeting the participation of the top management of Italgas and Stogit certainly favoured a better awareness both of the respective businesses and of the management models adopted, and it represented the first step towards the process of integration that will accompany us in the near future.

performance and sustainability

Continuing on from last year, again in 2009 for all companies in the Group one of the corporate objectives is directly linked to the commitment to sustainability. For all the companies, one of

the objectives is to reduce accident indices, while for Snam Rete Gas there is also the objective of reducing vented gas emissions.

In addition, among the people to whom we have assigned objectives, all executives and 52% of middle managers have an objective relating to sustainability issues that measures, for each role concerned and according to the specific area of responsibility, the effectiveness of the initiatives promoted.

The results achieved—both for corporate objectives and for individual objectives—also contribute to delineating the conditions for determining the variable part of compensation.

This is a tangible demonstration of the strategic value that we attribute to sustainability, and of the capacity of the assessment systems to orient managerial performance to our strategic directions.

Consolidation of appraisal processes

Enhancing and advancing human resources also translates to applying appraisal processes, in order to better focus on training needs and opportunities for professional growth.

The existing systems make it possible for employees to discuss their objectives and, later, the results they have achieved, with their direct superior. In general, the role of appraiser is occupied by the head of each organisational unit, who has the task of appraising the people that work in his/her area of responsibility. The Personnel Department provides the methodological support and the appropriate assistance to appraisers, and plays an important role in analysing the results and drawing up the consequent management, training and development programmes.

In line with measures in previous years, 100% of executives and 65% of middle managers are assigned individual annual objectives, strictly correlated to those of the company: performance quality is measured in terms of the degree to which the assigned objectives have been achieved.

In order to assess the managerial capabilities of some executives in the Group, in 2009 we held a management appraisal, which was conducted by the Egon Zehnder International consulting company. A total of 34 people, including department managers and executives in positions of considerable interest for the operations business, were involved in the appraisal which enabled us to define the best mix of skills and experience required for an optimal covering of managerial positions in the new organisational structure.

The compensation system for executives, approved and monitored by a specific committee established by the Board of Directors, clarifies the relationship with performance results (acting on the variable part of compensation) and with the evolution of the responsibilities assigned and with their impact on company results (acting on the fixed part of compensation), with constant reference to trends in the relevant markets.

All positions in Snam Rete Gas, GNL Italia and Stogit are subject to the analytical and comprehensive appraisal of the factors of Complexity, Responsibility, Experience and Autonomy (CREA), as also provided for in the National Labour Contract for the Energy and Petroleum industries. The appraisal process for each position is repeated at least every two years: in 2009, 750 appraisals were conducted. All of the appraisal processes adopted are formalised and envisage a feedback interview which represents an opportunity for exchange and dialogue between the employee and his/her superior, and it also serves to gather information that may be useful in defining new programmes for the development and professional enhancement of staff.

Snam Rete Gas is adopting a collective incentive programme for all the companies in the Group: the "Participation Bonus" established by the respective National Labour Contracts. It is based on the trend of parameters related to the company's returns (ROACE) and the productivity measured against the objectives agreed annually between the company and union representatives.

Health and Safety at work

Preventing accidents and working in safety is an objective of primary importance for Snam Rete Gas. Proof of this are the Snam Rete Gas Health, Safety and Environment Policy and the setting up of special organisational departments in the companies which are responsible for drawing up, scheduling and checking plans to improve hygiene and safety in the workplace.

We firmly believe that, to achieve and obtain these objectives, the engagement of everyone who works in the company is essential. For this reason we have worked on several fronts: information, communications campaigns and training.

Personnel are regularly and promptly informed on the activities and initiatives underway, by means of the company intranets. In addition we organise regular safety meetings in the various different work areas, to cover more specific topics.

Periodic safety meetings have also been held which have involved the Employers, the Safety executives concerned, the head of the Prevention and Protection Service, the occupational physician and employees' safety and environment representatives.

In our companies we have started specific accident prevention campaigns and initiatives, such as: "Communicating Safety", "Let's Do Safety", "Italgas Safety Trophy", and "Zero Accidents Award".

All of these initiatives have the primary objective of involving the employees to adopt careful and safe forms of conduct in carrying out their work duties, as a contribution to safeguarding health and safety for oneself and for others.

To manage these issues, all companies of the Group have set up employee health and safety management systems in line with international regulations. The objective that we have set ourselves is to certify, within two to three years, all the management systems in



our companies to the international OHSAS 18001 standard. This objective has already been achieved by Italgas.

Accident prevention

The prevention of accidents in the workplace is our principal safety objective, and it is implemented through the adoption of targeted actions to eliminate or reduce the risk factors that are characteristic of work activities, and through in-depth analysis of the causes of accidents that enables the implementation special improvement actions. The analysis and recording of all accidents (professional, general, due to road accidents, commuting accidents) is done using a specific software application that enables all affected managers and departments to be notified immediately of the accident, giving details of the event, an analysis of the causes and the proposed actions identified.

The actions and results that emerge from the accident analysis are also a topic for discussion at the regular safety meetings, at which the staff is informed and made aware of the causes and of any measures for prevention and protection adopted.

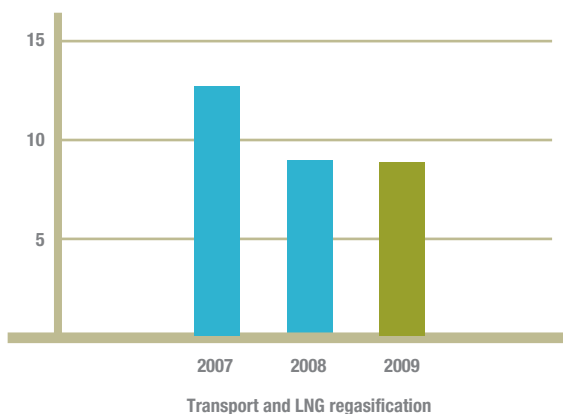
Plans for safety improvement and accident prevention, mainly cen-

tered on reducing accidents, have mainly concerned actions to inform personnel and raise their awareness, in order to promote safe and careful forms of conduct, observance of the safety and operating procedures, and the correct use of work equipment and of safety devices. These plans have been accompanied by the maintenance and verification of equipment, plant systems and devices and safety devices, conducted both by in-house personnel and by external bodies or qualified external companies.

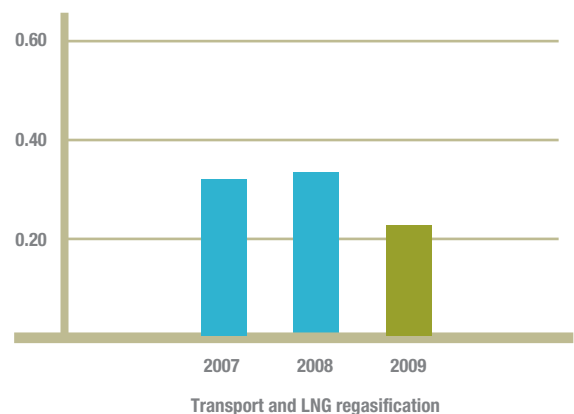
The actions put in place in recent years have produced good results both for the Group and for the individual companies, as can be seen from the trend in the accident indicators.

In 2009 in total there were 73 accidents of which 27 while commuting (i.e. an accident that occurred to the employee while he or she was travelling from home to work or vice-versa). Of the 46 accidents that occurred while the employee was actually at work, 22 were caused by road accidents (48%), 19 by professional risks (41%) and 5 by generic risks (11%). The Group's frequency index was 4.54 and its severity index was 0.18. This year once again no fatal accidents occurred.

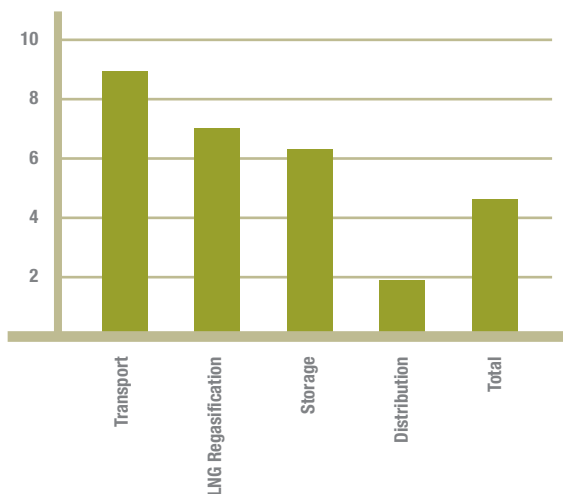
INJURIES AT WORK FREQUENCY INDEX (*)



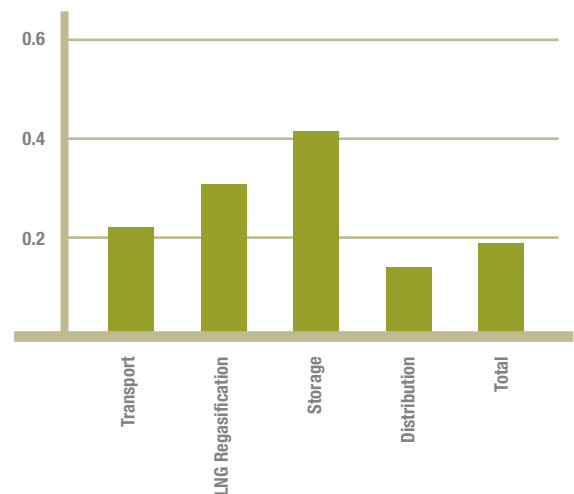
INJURIES AT WORK SEVERITY INDEX (**)



INJURIES AT WORK FREQUENCY INDEX 2009 (*)



INJURIES AT WORK SEVERITY INDEX 2009 (**)



(*) number of accidents at work (not including commuting accidents), with incapacity of at least one day, per million hours worked

(**) number of days of work lost due to accidents (not including commuting accidents) with incapacity of at least one day, per thousand hours worked

Safeguarding health

We are continuing our commitment to protect the health of employees, principally by working on the ongoing control of the risk elements identified in the company processes and on the implementation of adequate measures of prevention and protection.

We regularly carry out on-site inspection visits with the aim of assessing adequate and suitable environmental and working conditions and to identify possible preventive and/or improvement measures, and, where there are characteristic agents of specific work environments, we carry out instrumental investigations and regular monitoring. In 2009, 771 environmental investigations were carried out.

Specific preventive health measures are provided for employees who, for work reasons, need to visit countries outside Europe.

We have continued to promote specific health protection initiatives, such as the cancer prevention and influenza vaccination campaigns, the smoking ban in company work areas and the ban on selling alcoholic drinks in the company canteens.

For personnel who are exposed to specific risk factors, we have regular health monitoring procedures in place, and over the year 2,584 medical checkups were conducted by the Occupational Physician based on specific health protocols drawn up according to the specific risk. Added to these are any supplementary specialist check-ups that are deemed necessary.

Overall, health control activities included 2,634 medical checkups, 4,288 medical scans, and 633 protocols for lab tests.

Initiatives for our people

The Snam Rete Gas Group encourages social initiatives for its employees and their families by making economic and specific resources available.

Over the years a comprehensive system of opportunities has been developed that includes supplementary health assistance and insurance cover for accidents in the workplace, and additional non-occupational coverage in addition to the mandatory minimum or in addition to that provided by state bodies. Employees also have access to complementary pension funds and health prevention campaigns, as well as sports and recreation events (such as the Snow Trophy or "trofeo della neve" and study holidays for children of employees).

And for employees who have completed 25 years of service with the company or at other Eni group companies, a prize is awarded together with a gold medal for the individual's contribution to the company's growth. 434 people received this award in 2009.

In the area of health prevention, the main activities are:

- the "Early Diagnosis Plan": a scheduled campaign for employees in association with Lega Italiana per la Lotta contro i Tumori (an

Italian association for the fight against tumours), with screening tests and check-ups in specialist medical centres, aimed at preventing the most common forms of cancer. Over 1,100 tests have been conducted to date.

- The influenza vaccination campaign: about 174 vaccinations were given to staff working in the San Donato Milanese and Rome areas in 2009.

Direct involvement continues in the activities associated with the Eni Welfare Project, to implement a system of services to improve the quality of life of employees by facilitating the reconciliation of work commitments with personal and family commitments. Among these, of particular note is the project, begun in 2009, to set up the company creche and nursery school.

