



***Monitoring Report on Fulfilment of Compliance Programme  
preventing discriminatory conduct in relation to other gas market participants  
and rules for disclosing information on the operation and development of and  
access to the transmission system  
for 2008  
(hereinafter "Report")***

Taking into account the obligation of RWE Transgas Net, s.r.o., (hereinafter "the Company") as Transmission System Operator to compile an annual monitoring report on adopted compliance measures and the fulfilment of the Compliance Programme as stipulated under Section 58a(4) of Act No. 458/2000 Coll., as amended, (hereinafter "Energy Act"), this document describes the most important measures that had been adopted in line with the Compliance Programme in 2008 for the purpose of ruling out discriminatory conduct in relation to other gas market participants as well as the rules for disclosing information on access to and the operation and development of the transmission system where providing such information to certain gas market participants only could give such participants an unfair advantage to the detriment of others.

In Prague, on 3 April 2009

*(signed)*  
Thomas Kleefuß  
Managing Director  
RWE Transgas Net, s.r.o.

*(signed)*  
Ing. Jan Nehoda  
Managing Director  
RWE Transgas Net, s.r.o.

## **1. Adopted Compliance Measures**

### **1.1. Internal Processes**

The internal processes that had the potential to cause discriminatory conduct in relation to other market participants have been further specified. This concerned particularly the rules for:

- access to the transmission system and the provision of transmission services,
- access to information related to the operation of the transmission system and the provision of transmission services.

These processes were primarily set out in the Network Code that defined the commercial and technical terms and conditions under which the Company provided transmission of natural gas through its transmission system and related services on the principle of third party access.

Certain internal processes were further elaborated in internal guidelines, regarding in particular:

- IT Systems
- Security Rules for the Protection of Information

### **1.2. IT Systems**

Access to the Company's IT systems was set up in accordance with predefined access rights of each user. Access of third parties into the Company's IT systems was subject to the application of so-called „Chinese walls“, i.e. each third party was allowed to access only such information that concerned the respective third party or that was necessary for the fulfilment of its obligations under a respective service-level agreement.

### **1.3. Management of IT Systems**

The management of IT systems was outsourced to an external company, namely RWE Interní Služby, a.s., which has been contractually bound to keep confidential any information, document or material supplied or accepted in any form in connection with the fulfilment of the respective service-level agreement.

### **1.4. Unbundling of Premises**

From the implementation of legal unbundling in 2006 on, the Company has its headquarters on the premises at V Olšínách 75/2300, Prague 10. Access to the Company's offices is only possible with an employee ID card. Visitors may enter the Company's premises only when accompanied by a Company's employee or member of the security service.

## **2. Information**

## **2.1. Confidential Information**

For the purposes of this Report, Confidential Information shall mean:

- Ø commercial, technical or financial information concerning the Company's customers (particularly the network users);
- Ø information concerning the operation and development of the transmission system and access to that system.

### **2.1.1. Protection of Confidential Information with the Company's Employees**

The protection of confidential information has been secured by confidentiality agreements signed with all employees and executive officers of the Company. In 2008, the Company registered no violation of the obligation to keep the confidentiality of information.

### **2.1.2. Protection of Confidential Information with External<sup>1</sup> Service Providers**

Confidentiality has been secured by:

- a) a provision setting out the obligation to refrain from disclosing confidential information which is contained in contracts between the Company and external service providers,
- b) a separate confidentiality agreement signed between the Company and external service providers. Based on the respective contractual provisions, external service providers ensure the non-disclosure of confidential information in the same way as the Company in respect of its employees.

### **2.1.3. Penalties for Violations of the Obligation to Keep Confidentiality of Information**

In the event the obligation to keep confidentiality of information is violated:

- a) by an employee of the Company, the employee is liable for the damage in accordance with Sections 250 et seq. of Act No. 262/2006 Coll., the Labor Code, as amended;
- b) by an executive of the Company or a Company's proxy or a member of the supervisory board, the executive of the Company or the Company's proxy or the member of the supervisory board is liable for damage in accordance with the applicable provisions of Act No. 513/1991 Coll., the Commercial Code, as amended;
- c) by an external service provider, the external service provider is liable for damage in accordance with the applicable provisions of Act No. 513/1991 Coll., the Commercial Code, as amended.

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<sup>1</sup> The term external services provider includes any affiliated undertaking within the RWE Group.

## **2.2. Public Information**

For the purposes of this Report, Public Information shall mean all information that may be made available to any party interested in such information. This information includes in particular all information that has to be made public by the transmission system operator in accordance with applicable legislation (e.g. but not limited to the Energy Act and Regulation (EC) 1775/2005) and, also, information about the Company that is not commercially sensitive and does not fall under the category of Confidential Information.

In 2008, Public Information was available to all parties interested in such information on the Company's website ([www.rwe-transgasnet.cz](http://www.rwe-transgasnet.cz)).

## **3. Legal and Functional Unbundling**

Since 2006 the Company is unbundled in respect of its legal form, organisation and decision-making from other activities not related to transmission.

In 2008 the Company possessed the actual decision-making rights in respect of the assets needed for operation, maintenance and development of the transmission system. RWE Transgas, a.s., as the sole share-holder of the Company, has neither been giving nor is giving the Company any instructions regarding the routine operation or maintenance of the transmission system, and neither has been intervening nor is intervening with the decision-making process regarding construction or upgrade of the transmission system.

No Company's executive, proxy or senior manager held a similar position with the holder of a licence for production of gas or trading of gas or electricity within the same vertically integrated gas undertaking; nor did he or she receive any remuneration or another payment for performance of activities from the holder of a licence for production of gas or trading of gas or electricity within the same vertically integrated gas undertaking; at the same time, the remuneration paid to the executives, proxies and senior managers was independent of earnings that were attained by such other license holders within the same vertically integrated gas undertaking in the Czech Republic.

No executive, proxy or senior manager has got hold of any shares of another legal entity that has been a holder of a licence for production of gas or trading of gas or electricity within the same vertically integrated gas undertaking in the Czech Republic.

The Company has not concluded nor holds any management control agreements over any holder of a licence for production of gas or trading of gas or electricity.

#### **4. Organisational Unbundling**

##### **4.1. Incorporation of the Company within Vertically Integrated Gas Undertaking**

Throughout the accounting period of 2008, the Company was controlled by the following entities:

RWE AG, Essen

100,00 % RWE Energy AG

100,00 % RWE Gas International B.V.

100,00 % RWE Transgas, a.s.

100,00 % RWE Transgas Net, s.r.o.

##### **4.2. Unbundling of Brands, Logo and Design**

For the purposes of its presentation, the Company has been using the visual style of the RWE Group that was binding on all affiliates of the RWE Group until the beginning of 2008 and still remains binding for those affiliates of the Group that are operating transmission and distribution systems in the territory of the Czech Republic. The basic elements of this visual style are the logo and the graphical element of squares. The Company's logo is composed of two parts: the basic logo type of the RWE Group and the name of the Company, namely Transgas Net, printed in the corporate font.



All activities of the Company with regard to sponsoring and customer relations have been fully separated and dealt with by the Company and the sole shareholder individually.

##### **4.3. Web Presentation**

Also, the web presentation of the Company was and is being operated independently at [www.rwe-transgasnet.cz](http://www.rwe-transgasnet.cz) and is as such separated from the web presentation of the sole shareholder of the Company.

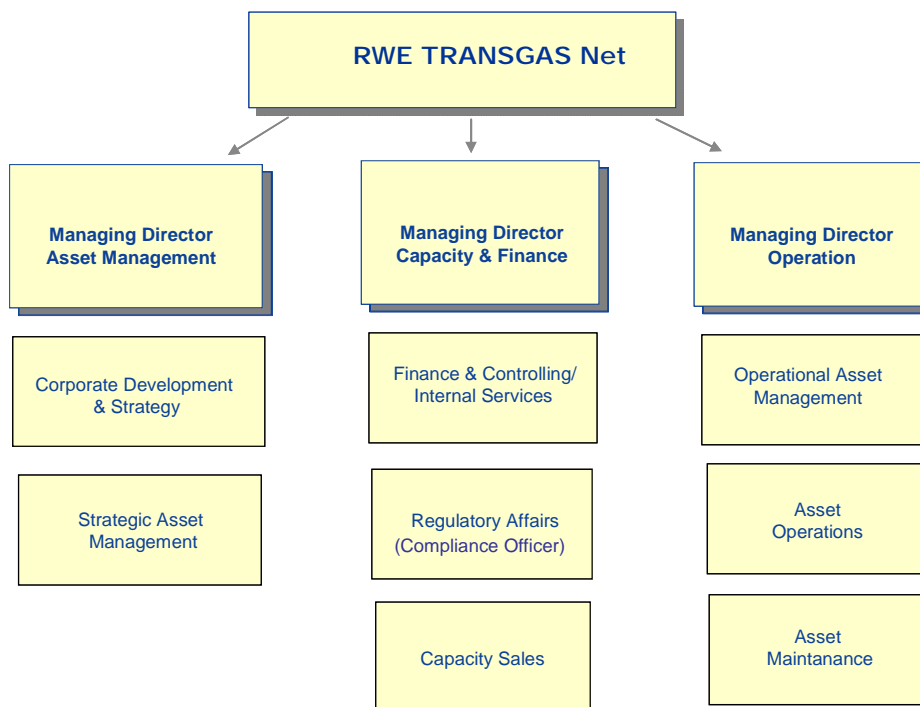
#### **5. Implementation**

##### **5.1. Compliance Officer**

The Company set up the function of Compliance Officer whose main task is to ensure the implementation of the Compliance Programme and the supervision of compliance therewith within the Company.

## 5.2. Position of Compliance Officer within the Company

Taking into consideration the character of the tasks attributed to the Compliance Officer, the Company appointed a Specialist for Regulatory Affairs to fulfil the role of the Compliance Officer.



## 5.3. Powers and Responsibilities of Compliance Officer

The Compliance Officer is authorized in particular to propose measures securing the implementation of the Compliance Programme and to request cooperation with the implementation and supervision of the Compliance Programme.

Compliance Officer regularly informed the Company's executives about compliance with the Compliance Programme.

## 5.4. Acknowledgment of Compliance Programme by Employees

The Compliance Programme has been annexed to the Rules of Employment that all the Company's employees have to acquaint themselves with. Each and every employee of the Company confirmed with his or her signature that he or she had read and understood the Rules of Employment. Additionally the Compliance Officer conducted schoolings for new employees of the Company.

### **5.5. Experience and Findings of the Compliance Officer**

In 2008 the Compliance Officer received a number of inquiries from employees concerning concrete fulfilment of the Compliance Programme, particularly in respect of provision of information. All inquiries were dealt with and, if necessary, response was given. In the opinion of the Compliance Officer, such activity on the part of the employees proves that the Compliance Programme has become an integral part of the Company's internal rules.

### **5.6. Handling of Complaints**

In 2008 the Compliance Officer received no complaints in respect of compliance with the Compliance Programme.

### **5.7. Publication of the Compliance Programme**

The Compliance Programme, which was adopted by the Company and came into effect on 1 January 2006, was updated as of 4 April 2007 and submitted to the Energy Regulatory Office and the Ministry of Industry and Trade pursuant to Section 58a, para (4) of the Energy Act on 4 April 2007. At the same time the Compliance Programme has been made available on the web pages of the Company under the heading Services / Other / Compliance Programme.

## **6. Conclusions**

In the light of the adopted and implemented compliance measures and on the basis of the results of the check-ups focused on the compliance with the Compliance Programme, the Company can affirm that it did not register any violation of the Compliance Programme in 2008.