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PROCEDURE of
SUPPLIER QUALIFICATION,
ADMINISTRATION AND EVALUATION


Doc. n° 2000.APPR.GEN.016

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05	12/03/2018	Aggiornamento rinnovo, mantenimento e monitoraggio qualifica	C. Zocco	P. Verrecchia/ P.Alessio	F. Frassi
04	16/04/2014	Aggiornamento frequenza monitoraggio	C. Zocco	P. Verrecchia/ P.Alessio	F. Frassi
03	03/05/2013	Inserimento Appendice GM	C. Zocco	P. Verrecchia	F. Frassi
02	25/01/2013	Aggiornamento requisiti	C. Zocco	P. Verrecchia	F. Frassi
01	26/06/2012	Prima Revisione	C. Zocco	P. Verrecchia	F. Frassi
00	28/09/2011	Prima emissione	M. Di Vito	P. Alessio	F. Frassi
Rev.	Data	Descrizione	Emesso da	Verificato da	Approvato da

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1 SCOPE

This procedure defines roles, responsibilities and methods of qualification processes, administration and evaluation of suppliers in order to create and maintain a supplier register in adequate quantity and quality to the needs of Società Gasdotti Italia S.p.A. (Hereinafter "SGI").

2 REFERENCES

Internal

- Procedure 2000.APPR.GEN.004 "Purchasing process for works, goods and service" and its attachments (annexes).

External

- D.Lgs. 231/01 e s.m.i.
- D.Lgs. 196/03 e s.m.i.
- RePro qualification process available on the website www.achilles.com/Italy/repro-richiesta ;
- Notice on the existence of a qualification system without issuing for tender published in the G.U.U.E. and G.U.R.I.

3 RESPONSABILITIES

The responsibilities for the application of this procedure are detailed below.

The update is responsibility of the Procurement Function.

4 OPERATING MODES

4.1 GENERAL


The Procurement Function (hereinafter "APPR") is responsible for the qualification and management procedure of the qualification process and supplier management, further more for the creation and updating the supplier register of SGI.

The qualification process RePro assists the APPR Function in this process managed by Achilles South Europe SLU and, in keeping with the responsibilities and operating procedures of this procedure, as all of SGI Functions.

The qualification process develops through a sequence of successive steps (see paragraph 5).

The evaluation criteria of the supplier candidates are mainly the following:

- a) Financial Reliability;

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- b) Managerial capacity;
- c) Administrational capacity;
- d) Compliance with applicable regulatory requirements;
- e) Technical capacity;
- f) Requirements of health, safety, environment and quality, accident rates;
- g) Quality and product technology;
- h) Sustainability: Environmental, Social and Governance (ESG)

The qualification of the supplier candidate by the APPR function assumes a positive evaluation by all SGI functions involved in the process.

Supplier candidates negatively evaluated could submit, for the same activity, a new request for qualification. Where such a request will be submitted before the expiration of the period of six months since the last negative evaluation, will be due to SGI a payment of € 500,00 as reimbursement of expenses for the necessary administrative tasks.


4.2 TYPOLOGY OF SUPPLIERS

The supplier candidates to which is applicable the qualification process described by this procedure are:

- Single Suppliers;
- Suppliers belonging to groups;
- Consortiums and cooperatives;
- Software manufacturer companies;
- Consulting company.

The Qualification process excludes following supplier:

- Certification Companies;
- Companies of revisions and certification of financial statements;
- Companies of distributors of services / utilities (water, gas, electric energy, etc.);
- Company lessors of properties and vehicles;
- Banks;
- Temporary suppliers of goods.

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4.3 CLASSIFICATION OF THE PRODUCT GROUPS (HEREINAFTER “GM”) AND THE LEVELS OF CRITICALITY ASSOCIATED WITH THEM

The request for qualification can refer to one or multiple specific GM.

The GM are divided in the following level of criticality:

A	Work, goods and service: - With high impact on SGI performance
B	Work, goods and service: - With medium impact on SGI performance
C	Work, goods and service: - With a secondary impact on SGI performance

The GM and their levels of criticality associated are defined in the appendix (Doc n. 2000.APPR.GEN.016_APPENDIX) created and updated by the Procurement Function with the following information:

- Family, GM code, typology (work, goods or service), contractual value;
- Levels of criticality associated as defined by SGI.

4.4 SUPPLIER MASTER DATABASE MANAGEMENT (SUPPLIER REGISTER)


The function APPR is responsible for the management of the database and respect of data processing provided by the supplier candidates. These activities are carried out by the function APPR as reported in the document of the current Data Security at SGI.

All transmitted data provided by the candidates will be processed by SGI in accordance with Decree. N. 196/2003 for the unique purpose of the qualification procedure. Process owner is SGI.

4.5 PERMANENT AND TEMPORARY GROUPINGS

The qualification of permanent groupings (cooperatives, consortia, associations, etc.) requires a positive evaluation of the individual associated suppliers at least in the following parameters:

- Safety and environmental requirements;
- Absence of any processes related to environmental and work safety;
- Minimum technical requirements.

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5 QUALIFICATION PROCESS

To be qualified for the GM you are requesting for, the supplier candidate needs to overcome all the phases foreseeing in the present procedure in relation to the level of criticality associated to the requested GM in relation to the following table:

Phase	Phase description		Process closure for each GM
1	Registration on REPRO portal		-
2	Evaluation based on general documentation		C
3	Evaluation based on specific technical documentation		B
4	Visit (AUDIT)	Audit of managerial, financial, technical, productive, organizational and ethical capacity	A

For detailed clarification, it means that for the GM level of criticality associated “C” the qualification of the supplier candidate is subjected to the positive evaluation from SGI side based on the general documents supplied on the RePro portal.

The evaluation of sustainability performance and ESG (Environmental, Social and Governance) criteria is assessed through a specific questionnaire. The candidate supplier is obliged to fill in the questionnaire, providing evidence with attachments and any additional supporting documentation.

For the GM level of criticality associated “B”, the qualification of the supplier candidate is subjected to (i) the positive evaluation from SGI side based on the general documents supplied on the RePro portal and (ii) of the technical specialized documents (ii) supplied directly to SGI.


For the GM level of criticality associated “A”, the qualification of the supplier candidate is subjected to:

- (i) the positive evaluation from SGI side based on the general documents supplied on the RePro portal,
- (ii) of the technical specialized documents supplied directly to SGI and
- (iii) the technical visit done to verify the managerial, financial, technical, productive, organizational and ethical capacity of the supplier candidate.

SGI however reserves to establish from time to time some motivated derogations based on objective assessments for particular types of specialized furniture and/ or catalog.

The qualification has a validation period of three years.

At the end of the evaluation procedure, each candidate will be informed in written of the outcome of the evaluations.

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Supplier candidates negatively evaluated could submit, for the same activity, a new request for qualification. Where such a request will be submitted before the expiration of the period of six months since the last negative evaluation, will be due to SGI a payment of € 500,00 as reimbursement of expenses for the necessary administrative tasks.

5.1 PHASE 1: REGISTRATION ON REPRO PORTAL

The qualification procedure starts after successful registration on the online REPRO portal on the website <http://www.achilles.com/Italy>. In the case of applications addressed directly to SGI, the APPR function will direct the candidate supplier to the procedure published on the website www.gasdottitalia.com in the sub-menu "Suppliers".

Before submitting the request for the SGI qualification process, the prospective supplier must register on the RePro (Achilles) portal.

During the registration process, the potential supplier must fill in the questionnaires and insert the required documentation.

All the declarations must be drawn up in accordance with Presidential Decree 445/2000 and subsequent amendments and add a valid identification document of the declarant. The declarations must also be made by all the subjects referred to in the CCIAA survey.

The registration on the portal RePro provides for a financial payment by the candidate Supplier, to partially cover the costs of investigation.


Following registration, the supplier candidate must send an application for supplier qualification via e-mail to the APPR function (Acquistisgispas@sgispa.com) using the appropriate form published on the website, in which he also declares his full acceptance of the SGI Code of Ethics published at www.gasdottitalia.com and identifies the GMs (see Appendix) for which he is seeking qualification.

5.2 PHASE 2: EVALUATION BASED ON GENERAL DOCUMENTATION

After successful registration on the REPRO portal, SGI evaluates the provided documentation of the supplier candidates on the portal.

ESG (Environmental, Social and Governance) assessments are a strategic tool to support and identify risks and opportunities related to social sustainability, contributing to the development of strategies and continuous performance improvement in environmental, social and governance issues.

The supplier candidate will receive a specific questionnaire to be filled out (form 4000.APPR.GEN.149) while providing the attachments and any supporting documentation to enable an evaluation of the sustainability index.

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In case of non-receipt of such documentation, and if any reasons given by the candidate supplier are not considered suitable, the evaluation process will be closed with a negative outcome with consequent communication to the requesting candidate.

In the event that the declarations and documentation provided are found to be untrue or false, SGI will immediately suspend the process or exclude the applicant from the Supplier Register, if it has completed the qualification process. Consequently, the prospective supplier may not submit a new request for qualification for a minimum period of six months.

In case of GM with level of criticality associated “A” o “B”, the positive evaluation of the documents and information provided by the supplier candidate on REPRO allows to proceed with the next step of the qualification procedure.

In case of GM with level of criticality associated “C”, the positive evaluation of the provided documents and information on REPRO establishes the final judgment and allows the insertion in the supplier register.

5.3 PHASE 3: EVALUATION BASED ON TECHNICAL SPECIALIZED DOCUMENTATION


In case of GM with level of criticality associated “A” o “B” SGI requests to fill in a technical specialized questionnaire (Doc n° 4000.APPR.GEN.054) that will be send out by SGI to evaluate the technical capacity of the supplier candidate. The sending of requested information is mandatory. The refusal to submit the requested documents leads to a negative evaluation in regards to the requested qualification procedure. The supplier candidate needs to fill in the questionnaire and send it to the function APPR via E-Mail (Acquistisgispa@sgispa.com).

Upon receipt of the technical specialized documentation, the function APPR requests the evaluation of it to the several SGI Functions.

During the evaluation period, additional documentation can be requested by SGI to enforce the declarations.

In case of GM with level of criticality associated “A”, the positive evaluation of the provided documents allows to proceed with the next step of the qualification procedure.

In case of GM with level of criticality associated “B”, the positive evaluation of the provided documents establishes the final judgment and allows the insertion in the supplier register. SGI reserves the right to follow up with a technical visit (audit) to verify the managerial, financial, technical, productive, organizational and ethical capacity of the supplier candidate.

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5.4 PHASE 4: AUDIT

In case of GM with level of criticality associated “A” e “B”, the qualification procedure foresees the possibility of a technical visit that could be hold at the headquarter or in places where the supplier candidate is currently working. The technical visit (audit) is referring to verify the managerial, financial, technical, productive, organizational and ethical capacity of the supplier candidate.

The final judgment will be communicated to the supplier in case of positive or negative result.

The Function APPR can request one trial order, if necessary, to complete the qualification procedure.

5.5 VALIDATION PERIOD OF QUALIFICATION STATUS

Each qualified GM has a validation period of 36 (thirty-six) months, except prior revocation of the qualification status from SGI side. A new request for qualification procedure need to be submitted to the Function APPR before the expiry date of the 36 moths.

Each year the supplier needs to keep updated all documents submitted on the RePro portal.


5.6 QUALIFICATION UPDATES

The upgrade process consists of re-evaluating only specific supplier requirements. This process is triggered as a result of:

- communications from the supplier relating to the company's organization or its corporate structure (e.g.: changes in tax data, registered office, company officers, corporate transactions, etc.) following which it may be necessary to verify the continuation of the general/specific requirements by updating the admission documentation;
- changes made by SGI to the Goods Group that affect the qualification process (e.g. introduction of new minimum requirements, change of criticality, etc.) in relation to which the supplier may be asked to produce further documents/evidence.

If an upgrade process involves qualifications with a remaining duration of less than 18 (eighteen) months, taking into account the time burden that assessments may entail, a renewal process will normally be activated, as defined in Section 5.12

The outcome of the update is communicated to the supplier; a positive outcome confirms the status and the expiry of the qualification, a negative outcome determines the revocation of the qualification.

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6 SUPPLIER PERFORMANCE EVALUATION

SGI ensures periodic supplier performance evaluation in a systematic way (at least at the end of each contract, or once a year) and traceable in order to ensure that the collected information are objective, available and comparable.


To this end, the representatives of the various company departments involved and the managers of supplier contracts prepare specific reports (*feedback*) on the contracts for which they are responsible, the evidence of which allows the SGI Procurement Department to take any measures towards the supplier.

The main elements of supplier performance that contribute to the assessment are:

- **Quality**: compliance with contractual and technical obligations, health and safety of workers and the environment, based on the results of checks carried out both during the performance of the activity and during the use of the work or service or asset covered by the contract;
- **Punctuality**: ability of the supplier to meet the contractual delivery times of the work, good or service required;
- **Behaviour**: the ability of the supplier to integrate with the parties involved in the activity (e.g. client, management/supervision of works, other companies), to manage relations with them according to principles of ethics and professionalism, to adopt logics of organizational, operational and management flexibility and to implement contingency plans, all before, during and after the performance of the contractual relationship;
- **Performance ESG**: the ability of the supplier to operate according to sustainability criteria both within the company and towards its customers and suppliers;

The possible introduction of company initiatives aimed at enhancing the virtuous behaviour of suppliers, in particular with regard to the health and safety of workers, may lead to a request to update or renew the supplier's qualification.

If the supplier's performance evaluation is negative, the supplier will be subject to quarterly monitoring for a total of six months. If, after the monitoring phase, the supplier's performance continues to be negative, SGI will proceed to take the following measures against the supplier.

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7 MEASUREMENTS TOWARDS THE SUPPLIERS

In the event that, based on information communicated by the supplier or gathered by SGI or based on supplier performance evaluation:

- any of the admission or selection requirements have been waived;
- any one of the specific evaluation and qualification selection requirements has been waived;
- specific negative feedback has been received, with particular regard to ESG aspects;
- there are serious deficiencies or criticalities relating to the phase following the end of the work or service contract or the useful life of the asset.

In relation to the seriousness of the event, the proportional measures of suspension or revocation are adopted as specified below.

7.1 SUSPENSION


The action of suspending the current qualification, upgrade or renewal process or the qualification already obtained for the relevant GM is taken:

- a) if there has been news of an alleged unlawful conduct of the supplier, which may in particular affect the general order requirements under Article 80 of Legislative Decree 50/2016;
- b) in the event that the supplier has not implemented effective and timely actions to recover or overcome the shortcomings or criticalities previously reported by SGI;
- c) for the need to investigate and verify the possession of even only one of the requirements for the selection and evaluation of the supplier, also following the discovery of the untruthfulness of the declarations submitted;
- d) against specific negative reports/feedback based on the evaluation of the supplier's performance with respect to both the quality of the service/product and ESG performance;
- e) the existence of ongoing investigations for liability relating to serious breaches of contract by the supplier.

The duration of the suspension, which may not exceed 6 months, is aimed, as appropriate, at

- deepening and verifying the possession of the requirements for the selection and evaluation of the supplier;
- to notify the supplier of any non-compliance and request corrective and preventive actions;
- assessing the outcome of the actions (corrective and preventive) taken by the supplier;

Following the aforementioned actions, in line with the feedback received, SGI will proceed to not grant the requested qualification, or, with respect to the qualification already obtained, to reactivate it until the original expiry date or to revoke it.

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For qualifications in a "suspended" status, the supplier may not participate or be invited to participate in tenders relating to the GM in question, nor enter into new contracts.

If the suspension refers to serious criticalities connected to the supplier's overall organization or to serious criticalities inherent to ESG performance, the qualifications already obtained and/or the qualification, updating, renewal and/or extension processes relating to other GMs will also be suspended for the period of application of the suspension measure.


7.2 REVOCATION

Revocation of qualification is adopted, upon the occurrence of one of the following conditions:

- repeated and continuous occurrence of conditions that have previously generated a suspension measure for the same GM;
- exceeding of the suspension time limit without the supplier having implemented effective recovery actions;
- failure to meet even one of the eligibility and specific requirements for which the supplier was qualified.

If the revocation refers to issues related to the supplier's overall organization or to issues related to ESG performance, any ongoing qualification, update, renewal and/or extension processes, including those related to other GMs, shall be interrupted.

In the case of revocation, the Supplier may not submit a new request for qualification before the reasons that determined the adoption of the revocation measure have ceased to exist and, in any case, not before one year from the adoption of the measure.

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8 TIMING OF THE QUALIFICATION PROCESS

In view of the need to ensure the closure of the process to the candidate supplier according to criteria of effectiveness and efficiency, the following maximum times for the completion of the qualification process are defined (to be considered net of the supplier's response time and registration on the RePro portal):

- For GMs with criticality level A and B, within 12 months from acceptance of the qualification request (after registration on the RePro portal)
- For GMs with criticality level C, within 6 months of acceptance of the qualification request (after registration on the RePro portal)

In any case, for qualification processes carried out by means of redirection to EU qualification systems, the maximum processing time, from the date of obtaining the qualification request made by the candidate supplier, is always equal to six months, regardless of the level of criticality. In such cases, should the decision require more than six months from the submission, the APPR function shall inform the supplier, within two months of the submission, of the reasons for the extension of the deadline and the date by which he will be informed of the outcome of the qualification.

Applicants whose qualification is denied must be notified of that decision and the reasons for it within 30 days of the date of the decision.

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9 ATTACHMENTS

- 2000.APPR.GEN.016 APPENDIX
- Template: "Request for Qualification Procedure"
- 4000.APPR.GEN.149_Questionnaire SUSTAINABILITY