



ANTI-CORRUPTION AND FRAUD PREVENTION MODEL

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1. PRINCIPLES FOR PREVENTING CORRUPTION AND FRAUD

The HERA Group rejects corruption in all its direct and indirect forms and has put in place a management system for the prevention of corruption and fraud offences which is integrated into the Organisation and Management Model in accordance with Italian Legislative Decree 231/01 (hereafter, the “**231 Model**”), whose bedrock are the principles and values laid down in the Code of Ethics and in the Quality and Sustainability Policy adopted by the HERA Group.

In particular, the Group adopts the principles of:

- **INTEGRITY**, because in the HERA Group lawfulness, correctness, honesty, fairness and impartiality of behaviour within the company and in dealings with third parties are the shared values that inform our actions. By sharing these principles, we establish lasting relationships with our customers and suppliers
- **TRANSPARENCY**, as we undertake to provide all stakeholders, with clear, complete and prompt information on the actions carried out at all corporate levels. For the HERA Group, being transparent means putting in place management tools that foster dialogue with stakeholders to respond effectively to their demands for information and knowledge of the economic, social and environmental impacts of our corporate activities;
- **PERSONAL RESPONSIBILITY**, whereby each of our people is committed to building relationships of trust with coworkers, and, more generally, with all stakeholders. It is considered essential for our people to be committed with loyalty and effectiveness to achieving the company objectives with awareness of their role, duties and responsibilities;

- **COHERENCE**, translated into the commitment to implement on a daily basis our company's mission, values and operating principles. These are the foundations of our strategic planning, corporate goals and operational management.

Our corruption and fraud prevention management system is overseen by the Compliance Function, coinciding with the Supervisory Board (or "**SB**"), which has the following main responsibilities/functions:

- a) supervise the planning and implementation of the corruption and fraud prevention system;
- b) provide advice and guidance to Personnel ¹ on the corruption and fraud prevention system and on issues related to said risks;
- c) ensure that the corruption and fraud prevention system is compliant with the requirements of the UNI ISO 37001 standard;
- d) to report on the functioning of the corruption and fraud prevention system to the Board of Directors and to senior company persons in the appropriate manner.

The senior company persons and management of the HERA Group are personally committed to complying with this Model, also by adopting exemplary behaviours, performing awareness-raising activities and disseminating the principles of the rules aimed at preventing acts of corruption and/or fraud across all the Group's locations.

2. SCOPE

This Anti-Corruption and Fraud Prevention Model (hereinafter "**CFP Model**") concerns all persons who work for the HERA Group: personnel at every level, agency staff, seconded personnel, volunteers, agents, contractors, external consultants, representatives of third parties and commercial partners, sponsors, or any other associated individual, irrespective of their geographical location.

This CFP Model has been examined and approved by the Board of Directors of Hera SpA and its adoption and implementation are mandatory for HERA SpA and all its subsidiary companies. In addition, the Group will use its influence, insofar as is reasonably possible in the circumstances, to ensure that the companies and entities in which the Group has a non-controlling investment and the

¹ "**Personnel**" means employees at all levels and persons engaged under collaboration arrangements (including internships and traineeships).

Business Partners, as defined below, comply with the standards defined in this CFP Model, adopting and maintaining an adequate and coherent internal control system.

3. PROHIBITED BEHAVIOURS – GENERAL ASPECTS

The HERA Group refrains from practices that are not permitted by the applicable laws on corruption² (hereafter, the “**Anti-Corruption and Anti-Fraud Laws**”).

An “**act of corruption**” consists of the promise, giving or offering of something of any value (even not economic) or a benefit - directly or indirectly - to a person, in order to incite the latter or another person to perform a function or an activity improperly or with the expectation or hope of receiving a commercial benefit or remunerating an advantage already obtained for oneself or for others (*active corruption*).

It is also prohibited, as falling within the definition of “corruption” to accept, request or receive something of any value (even not economic) or a benefit, directly or indirectly, from a person with the intention of ensuring that a certain function or activity be performed improperly by the requesting person/recipient or by another person or in any case with the expectation or hope of obtaining a commercial advantage for oneself or for others (*passive corruption*).

The “benefit” that is the object of an “act of corruption” need not consist of the payment of sums of money but, having regard to the circumstances, may consist, by way of example, of gifts, various forms of hospitality, contributions in kind (such as sponsorships), jobs, investment opportunities, etc.

The HERA Group refrains from practices that are not permitted by the applicable laws on corruption³ (hereinafter, the “**Anti-Corruption and Anti-Fraud Laws**”).

² The “**Anti-Corruption and Anti-Fraud Laws**” are to be considered the anti-corruption provisions contained in the Italian Criminal Code (Articles 318 et seq. and 346 bis), in the Italian Civil Code (Articles 2635 and 2635 bis), in the applicable international conventions (such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 1997 and the United Nations Convention against Corruption, adopted by the General Assembly on 31 October 2003 and ratified by Italy with Law no. 116 of 2009) and in the other applicable laws (including Italian Legislative Decree no. 231 of 2001).

³ In the Italian legal system, the provisions to be considered “**Anti-Fraud Laws**” are to be found in the Criminal Code. In particular, the relevant articles are those establishing the crime of fraud and related offences such as computer fraud, insurance fraud, fraud in public supply, and false corporate communications.

"Fraud" means an intentional act, carried out with deception, in order to obtain an unfair or unlawful advantage, by Hera Group Personnel, collaborators or other third parties. "Fraud" means an illegal and intentional act characterised by deception, concealment or abuse of trust. Fraud is perpetrated by individuals and organisations external to the company and/or internal resources in order to obtain money, goods or services unfairly, to avoid payment or loss of services or, in general, to gain personal or corporate advantage. Fraud in companies can be perpetrated through conduct that is mainly attributable to the offences of corruption, misappropriation and accounting fraud.

Fraud may be internal, i.e. behaviour carried out directly or indirectly by HERA Group Personnel in order to illegally obtain an unfair advantage, or external, i.e. carried out by parties outside the HERA Group where the HERA Group is the victim of the fraud. Fraud, therefore, may result in damage or advantage (even indirect) for the HERA Group.

In compliance with the principles to which the HERA Group is committed, fraudulent conduct by Group Personnel or by third parties with which the Group operates is not tolerated under any circumstances.

A person bound by this CFP Model will be considered "aware" of the existence of an act of corruption or fraud if it is found that he/she has acted while knowingly disregarding the relevant red flags or grounds for suspicion or has acted with gross negligence, for example by omitting to carry out investigations adequate to the circumstances.

It is also forbidden to threaten or retaliate against an individual who has refused to commit an act of corruption, fraud or other wrongdoing or who has reported its occurrence and/or a well-founded suspicion that such act has occurred. More generally, it is forbidden to take or accept any action in one's favour that could be construed as a violation of this CFP Model or the 231 Model. An element of risk for bribery and fraud is **conflict of interest**, i.e. the situation in which a person's commercial, economic, family, political or personal interests could interfere with his or her judgement in performing his or her function for the HERA Group.

The personnel of the Group are also required to avoid (and to report) any situation that may constitute or give rise to a **conflict of interest** (actual or potential) between personal interests (economic or otherwise) and the duties performed or position held within the company structure, consistently with the provisions of the HERA Group's Code of Ethics.

In particular, any situation that may constitute or give rise to a conflict of interest must be promptly reported to the direct superior and to the Compliance Function, providing all relevant information. Similarly, the person concerned must promptly refrain from taking part in the relevant operational/decision-making process and the superior, with the involvement of the Personnel and Organisation Group Manager, shall identify the appropriate operational solutions to safeguard, in the specific case, transparency and correctness of conduct in the performance of the activities.

3.1 Facilitating and/or extortion payments

The HERA Group does not consent to paying, offering or accepting, directly or indirectly, payments and benefits of any type and amount with the aim of accelerating or facilitating the performance of services in any case already due by third parties.

Facilitating payments are sums of cash (or other utilities/benefits) paid/provided “under the counter” to secure or speed up a service.

It is the duty of all persons involved in the company's activities to avoid creating situations that involve the making or acceptance of a facilitating payment, or which may suggest its offer or acceptance. If any members of Personnel are asked to make a payment in the name of the HERA Group, they must pay the utmost attention, clearly identifying the reason why such payment is being requested and whether the sum requested is proportionate to the goods and services received. Payments shall be made in compliance with existing company procedures for payment authorisation and control of the supply/service received, as well as consistently with the powers granted.

Should they receive any promise, offer or request for facilitation, employees must report it through the whistleblowing channel. (see paragraph 5).

Extorted payments are payments of sums of cash (or other utilities/benefits) paid/provided (generally in favour of Public Officials, as defined below, or other persons, even private parties, who hold roles or functions involving the exercise of “public authority” or contracting powers) and/or extorted by means of violence or serious and imminent threat to physical safety and personal security and which, therefore, might be made by the victim of the extortion only to avoid personal harm. These actions are prohibited and must be reported to the Central Legal and Corporate Department (CLCD) and the Compliance Function that will take action within their respective competences.

3.2 Donations, sponsorships, entertainment and hospitality expenses

3.2.1 Gifts, gratuities and benefits

The HERA Group does not permit any form of gift and/or gratuity in general that may appear or even just be interpreted by an impartial observer as exceeding normal commercial practices or courtesy or as being aimed at obtaining favourable treatment.

In particular, it is prohibited to give any form of gift to Italian or foreign civil servants, auditors, public officials and personnel belonging to Supervisory and Control Authorities and Entities without the prior authorisation of the Compliance Function.

This prohibition, which admits no exception even in those countries where offering valuable gifts (or other benefits, as described above) to Business Partners, as defined below, is customary, covers both the promising or offering of gifts and the receiving of gifts.

HERA Group personnel who receive gifts or benefits that are not permitted and who suspect such offers to be irregular, must report them to the Compliance Function which will assess their appropriateness.

Donation and sponsorship activities are regulated by a specific 231 Protocol which dictates their methods of implementation, approval and traceability, consistently with this CFP Model.

3.2.2 Entertainment and hospitality expenses

Gifts, payments or other benefits, including hospitality, may be offered, given, accepted or received if they fall under the heading of business courtesies and are such as not to compromise the integrity and/or reputation of one of the parties and in any case if they cannot be interpreted by an impartial observer as being aimed at creating an obligation of gratitude or obtaining advantages improperly.

Any benefit, gift, economic advantage or other advantage, including hospitality, must have all of the following characteristics:

- not consist of a cash payment;
- be made in relation to legitimate business purposes and in good faith;

- not be motivated by the intention to exercise an unlawful influence or by the expectation of reciprocity;
- be of small value and in any case reasonable under the circumstances;
- be tasteful and compliant with generally accepted standards of professional courtesy;
- comply with the Anti-Corruption and Anti-Fraud Laws and regulations applicable to the Public Official or private party.

Anyone who receives offers of gifts, economic advantages or other benefits, including hospitality, which cannot be considered as acts of business courtesy of small value must inform their line manager, who will return such items or give them to charity after consulting with the Compliance Function.

When the recipient of the gift, economic advantage or other benefit, including hospitality, falls under the categories of Italian or foreign civil servants, auditors, public officials and personnel belonging to Supervisory and Control Authorities and Bodies, the HERA Group personnel who make the gift must obtain the prior authorisation of the Compliance Function.

3.3 Relations with Public Officials⁴

Relations of Group personnel with Public Officials (including Public Administration Entities, Local Authorities, Sectoral Authorities, Supervisory and Control Bodies) must be conducted in compliance with the Code of Ethics, the 231 Model and this CFP Model. Group Personnel must also act in compliance with all relevant legislative and internal provisions.

Relations with Public Officials must be based on **fairness, transparency and traceability of behaviours** and must be held consistently with the structure of powers granted and with the responsibilities assigned through the company information and communication tools (including Job Orders and Internal Memos).

⁴ For the purposes of this CFP Model, “**Public Officials**” means persons who exercise a public legislative, judicial or administrative role and who in any case contribute, in any capacity, to the decision-making processes of an Italian, foreign and/or local public administration (for example by having decision-making, certification, attestation and/or control powers). The concept of public official also includes - for the purposes of this CFP Model - private providers of public services. Public Officials also include, in accordance with this CFP Model and for the purposes of its application, the representatives of local communities and of Authorities having regulatory and supervisory powers.

Favours, collusive behaviours, and direct and/or indirect solicitation to Public Officials in order to obtain benefits for the Group, for oneself or for others are prohibited.

When a negotiation, a request or any relationship with Public Officials is in progress, the Group's Personnel must not seek to influence improperly the decisions of Public Officials.

It is never permitted to pay or to offer, directly or indirectly, cash or gifts or any advantage to Public Officials or their relatives, in order to influence or remunerate an act pertaining to their office, irrespective of whether or not such act is due. All relations with Public Officials must be duly reported in writing and kept on file and said activities must be traceable in accordance with current company procedures. The provisions of the protocol adopted in accordance with the 231 Model (hereinafter, each of the protocols under the 231 Model, the "**231 Protocol**" and, collectively, the "**231 Protocols**") - to regulate said process - are incorporated herein by reference.

Contacts by personnel with Public Officials, in the early stages of the negotiation or procedure, must be conducted at least two persons belonging, if possible, to different organisational units.

3.4 Customer relations

HERA Group carries out its **sales activity** in an ethical, fair, honest and transparent manner, in compliance with the Code of Ethics and the provisions of the 231 Model governing those processes. The 231 Protocols establish appropriate targeted controls to guarantee transparency and correctness in the sale process.

Customers are informed of the existence of this Model and the existence of complaint mechanisms via suitable methods.

Relations with the sales network (agents, promoters, intermediaries) comply with the principles of this CFP Model and the company procedures in force applicable to Suppliers and to other Business Partners (including Sales Agencies).

3.5 Relations with Suppliers⁵ and other Business Partners ⁶

3.5.1 Suppliers

The HERA Group carries out **purchasing and procurement activities** in an ethical, fair, honest and transparent manner, in compliance with the relevant regulatory context, the Code of Ethics and the provisions of the 231 Model aimed at regulating those processes.

The 231 Protocols and company procedures provide for specific and suitable controls to guarantee transparency and fairness across the Supplier selection process (in accordance with the applicable laws), contract management and performance, and up to acceptance testing and the correct payment.

The Supplier qualification process includes precise ethical and moral standards, in compliance with current legislation.

Suppliers are required to comply with the Anti-Corruption and Anti-Fraud Laws and this CFP Model. This enables the HERA Group to take appropriate remedies in the event of breaches, also to prevent the company from incurring corporate liability in connection with offences.

If any Suppliers are found to have infringed this CFP Model, the Code of Ethics or the 231 Model, the HERA Group shall take the appropriate measures within the limits permitted by law, which may include terminating the contract.

All Suppliers must undertake to:

- a. comply with the Anti-Corruption and Anti-Fraud Laws, the Code of Ethics and this Anti-Corruption and Fraud Prevention Model;
- b. introduce an anti-corruption and fraud prevention clause into any sub-supply/subcontracting/agency contracts;

⁵ For the purposes of this CFP Model, "**Suppliers**" means economic operators (including natural persons) potentially able to satisfy a certain requirement for the procurement of goods, works and services.

⁶ For the purposes of this CFP Model, "**Business Partners**" means external entities with which the HERA Group currently holds or plans to hold any business relations (including Suppliers, as defined above, consultants, agents, partners of the HERA Group companies under joint ventures/Temporary Groups of Companies/Consortia).

- c. report promptly to the Compliance Function any request or demand relating to any undue payment of cash or other benefit, received by the Supplier and/or by its subcontractors/subsuppliers/agents in relation to the provision of the supply/service;
- d. recognise the right of the principal - the HERA Group - to terminate the contract, suspend its performance and claim damages in the event of breach of the obligations, representations and warranties indicated above and/or violation of the Anti-Corruption and Anti-Fraud Laws.

3.5.2 Other Business Partners

The HERA Group requires in general all its Business Partners to comply with the applicable laws, including the Anti-Corruption and Anti-Fraud Laws.

The Business Partner must have an excellent reputation for honesty and integrity. Accordingly, and in line with existing company procedures, the Business Partner selection process must include appropriate due diligence covering such aspects. The Business Partner must undertake in writing to comply with the provisions of this CFP Model and declare the absence of conflicts of interest.

3.6 Accounting entries and records

In accordance with the applicable laws and regulations on financial and tax reporting, the HERA Group keeps detailed and complete **accounting records** of every business transaction. The records must be compliant with the applicable accounting standards and must reflect, completely and transparently, the facts underlying each transaction. All costs and charges, revenue and collections, receipts, payments and payment commitments must be recorded promptly in the accounting records, completely and accurately, and be accompanied by appropriate supporting documents, issued in conformity with all applicable laws and with the provisions of the internal auditing system. All entries in the accounting records and the respective supporting documentation must be available to the external auditor for control purposes.

The payments and accounting transactions carried out must be entered accurately in the relevant company books and registers, to reflect in detail and correctly the transactions and sales and purchases of goods. This principle applies to all transactions and costs, irrespective of their material significance.

All transactions are entered in the accounting records truthfully and correctly and all documentation is made available to the external auditor, as stated in the comfort letter sent to the external auditor.

Adequate and sufficient accounting controls are established and carried out to provide reasonable assurance that:

- transactions are only carried out subject to general or specific authorisation from management;
- transactions are duly recorded to enable preparation of the financial statements in accordance with generally accepted accounting principles or any other criteria applicable to such statements; accounts are maintained for all company assets;
- access to the assets is permitted only subject to general or specific authorisation from management;
- the value of the assets entered in the balance sheet is compared with the actually existing assets at reasonable intervals, and appropriate measures are taken if any differences are found.

The HERA Group has in place an internal financial auditing system in order to provide reasonable assurance as to the reliability of the financial disclosures and the preparation of the financial statements, in conformity with generally accepted accounting standards, including the regulatory instruments that:

- - concern the proper keeping of accounting records so that they reflect the transactions and the disposals of the assets of the issuer with reasonable detail, accurately and correctly;
- - provide reasonable assurance that the transactions are recorded so as to enable the preparation of the financial statements in conformity with generally accepted accounting standards;
- - provide reasonable assurance that any unauthorised acquisitions, use or disposal of assets of the issuer that could have a material impact on the financial statements are prevented or promptly identified.

The internal auditing system is designed to provide reasonable certainty of minimising (to a remote level) the risk that inaccurate accounting entries having a material impact on the year-end or interim financial statements may be made due to errors or fraud and not be promptly identified. The internal

control system on financial information includes specific controls and pervasive controls, at different organisational levels, with different implementation methods.

3.7 Personnel recruitment and granting of collaboration appointments

Before hiring Personnel (or granting collaboration appointments, including internships and traineeships), the Group obtains information on the previous professional experiences of the candidate to the extent permitted by applicable laws, in compliance with the anti-corruption measures laid down in the 231 Model.

In particular, the staff recruitment process, in particular, includes a check on the match between past professional experience and the position sought, and a check on any incompatibilities arising from previous positions in the Public Administration and/or Supervisory Entities (revolving door) and the absence of conflicts of interest with respect to the position to be filled.

The results of these checks are assessed in relation to the role and duties that the person will have to carry out and consistently with the contents of this Model. At the time of signing the employment or collaboration contract, the selected candidates are required to sign a commitment to comply with the provisions of the Code of Ethics, the Quality and Sustainability Policy, the 231 Model and this Anti-Corruption and Fraud Prevention Model.

4. TRAINING AND COMMUNICATION

The Group provides training to all personnel, with more in-depth sessions for personnel particularly involved in processes at risk of corruption or fraud, to ensure the dissemination and understanding of the Code of Ethics, the anti-corruption and anti-fraud rules and the 231 Model. The training is aimed at giving a clear understanding of the different offences (also for the purposes of the 231 Model), the risks, personal liability and consequences for the company, the actions to be taken to prevent and combat corruption and fraud and any penalties for individuals and the company.

The training programme provides the necessary knowledge of the Anti-Corruption and Anti-Fraud Laws, and instructions on how to identify Red Flags and avoid any actions contrary to the company's ethical values.

The principles, expected behaviours, safeguards and implementation methods are addressed in training sessions designed according to the specific risk of offence.

Having regard to their involvement in processes at risk of corruption or fraud, staff members must receive timely training on Anti-Corruption and Anti-Fraud Laws. The CPOD is responsible for planning and implementing said training, monitoring Personnel attendance and recording the training in the system.

The update of this Model forms part of the continuing training of all Group employees and collaborators, including Suppliers and Business Partners in general.

The Personnel most involved in processes at risk of corruption or fraud and having with significant decision-making powers must periodically sign an “integrity statement” concerning, in particular, their commitment to comply with this CFP Model and with the 231 Model, to prevent and disclose any conflict of interest and to report, through the appropriate channel (Whistleblowing), any wrongdoing they become aware of.

On the HERA Group’s website, external stakeholders can consult the documents setting out the Group’s commitment to preventing corruption and fraud and its actions in this area.

5. REPORTING CONCERNS/WHISTLEBLOWING

Group Personnel and Directors are invited to **report** any violation of national or EU legislation, based on justified grounds and affecting the public interest or the integrity of the Group, that they become aware of in a public or private work context⁷ to the Supervisory Board, which has the role of Compliance Function for the prevention of corruption and fraud. Other stakeholders, such as Group Suppliers and collaborators or other third parties, can also report breaches.

The whistleblowing report is aimed at protecting the integrity of the company and of the individual who feels the moral obligation to make the report, in the public interest and with a view to promoting lawfulness, ethics and correctness.

Breaches of the Code of Ethics may be reported to the Ethics and Sustainability Committee in the manner set out in said Code. Periodic coordination and information exchange is in place between the Ethics and Sustainability Committee and the Compliance Function, within the scope of their respective functions.

⁷Reference is made in detail to Protocol 231 “Management of reports to the Supervisory Board (Whistleblowing)” updated to comply with Legislative Decree 24/23.

On receiving a whistleblowing report, the Compliance Function will request HERA's Internal Auditing Department ("**IAD**") to examine it, involving the competent company Departments, in the manner set out in the whistleblowing procedure.

Reports can be sent through the Hera Group's whistleblowing portal: *segnalazioni.gruppohera.it*.

Alternatively, concerns may be raised:

- ✓ by letter addressed to: Supervisory Board - c/o the Internal Auditing Department of Hera SpA, Viale Carlo Berti Pichat no. 2/4, 40127 Bologna (BO), with the word "confidential" on the envelope.
- ✓ by oral communication: by uploading a recorded voice message to the whistleblowing portal, or making a report by telephone, or in a face-to-face meeting after sending an appointment request by e-mail to presidente.odv@PEC.gruppohera.it.

Anonymous reports are allowed. In any case, the identity of the reporting person will remain **confidential**, without prejudice to compliance with legal obligations and the protection of the rights of the Company or of the persons involved in the report.

Breaches of the CFP Model and the 231 Model are reported to the competent company Departments and to Senior Company Persons, for the appropriate corrective actions in the framework of the internal control system monitoring processes.

The HERA Group ensures that no discriminatory treatment is applied to the reporting person, individuals facilitating the whistleblowing report or other persons pursuant to the law ⁸.

Discriminatory treatment means, by way of example, dismissal, application of disciplinary measures, threats or other punitive behaviours related to the whistleblowing report.

6. ANTI-CORRUPTION AND FRAUD PREVENTION MANAGEMENT SYSTEM

⁸ The protection measures apply to the reporting persons, their facilitators (i.e. individuals who assist a reporting person in the whistleblowing process, who work in the same work-related context and whose assistance must be kept confidential); to persons in the same work-related context as the reporting person and have close emotional ties or are relatives up to the fourth degree with him/her; co-workers of the reporting person who work in the work-related context and have a habitual and current relationship with the reporting person; entities owned by or for which the reporting person works, as well as entities operating in the same work-related context as the reporting person.

The protection of such persons applies when the regulatory requirements are met (see Protocol 231 "Management of reports to the Supervisory Board (Whistleblowing)" updated to comply with Legislative Decree 24/23) and include reporting persons who make public reports or claims, provided the requirements are met.

6.1 Roles and responsibilities

This CFP Model is addressed to the Senior Company Persons, the management and all the staff of the HERA Group, who are required to know its contents, comply with it and make all efforts to prevent corruption, fraud and other offences (including those relevant for the purposes of Legislative Decree 231/2001).

The Senior Company Persons, with the cooperation of the competent company committees, are ultimately responsible for the internal control system, regularly assessing its appropriateness and promoting a “culture of control” at all company levels.

The Executive Chairman and the Chief Executive Officer, within their respective delegated powers and the reporting lines of the Corporate Structures, are in charge, to the extent of their competence, of setting up and maintaining the Internal Control and Risk Management System, including for fraud and corruption.

As to the mechanisms for preventing and detecting corruption and fraud, the primary responsibility lies within each Group Company/Department, whose managers ensure that the risk of fraud and corruption is managed and addressed by putting in place processes and control activities aimed at preventing and/or detecting possible corruption and fraud, activating the necessary first-level controls and/or reporting.

All Personnel, irrespective of their grade and position in the organisation, are required to participate in designing and implementing a sound control environment, by applying the control mechanisms planned for their responsibilities and participating in the monitoring, detection and containment of risks and anomalies.

6.2 Compliance programme

The HERA Group has set up a programme for the prevention of fraud, corruption and liability for Law 231 offences that comprises the following elements:

- **control environment:** acceptance and dissemination of this CFP Model, which is integrated with the Code of Ethics, the Quality and Sustainability Policy and the 231 Model and represents an effective commitment to preventing corruption, fraud and other offences and disseminating the culture of control;

- **risk assessment:** periodic performance of activities to detect, assess and monitor the risk of fraud and corruption, integrated with process risks and 231 offence risks, as well as to assess existing controls with a view to mitigating material risks;
- **control activities:** carried out both by the operational structures (first level controls) and by the structures in charge of second level controls (Compliance 262, Quality Safety Environment), and third level controls (audits carried out by the Internal Auditing Department). The three control lines described have structured arrangements for coordination and exchange, while respecting the specific competences of each. Processes with the highest risk of fraud and corruption are also governed by specific 231 Protocols and covered by periodic reports to the Supervisory Board/Compliance Department;
- **whistleblowing:** a system for reporting fraud, corruption and other offences, including those relevant for 231 purposes, is in place, as set out in this Model. Whistleblowing reports trigger a process of investigation and the application of corrective measures if the allegations are substantiated;
- **monitoring:** periodic checks are carried out to assess the overall effectiveness of the internal control and fraud and corruption risk management system, with a view to constant improvement. The Compliance Function is responsible for supervising and monitoring the fraud and corruption risk prevention system described.

6.3 Risk assessment and control methods

The Compliance Function, with the support of the IAD, assesses the nature and extent of the risk of corruption and fraud, using **risk assessment** tools in coordination with process risks and 231 offence risks, in compliance with the "Group Risk Management Policy" guideline, which provides the reference framework. The assessment of the risk for the HERA Group is approved by the Board of Directors of HERA on a three-yearly basis, with annual approval of the audit plan, unless unexpected events require a new issuance.

Consistently with the internal auditing and risk management system adopted by the HERA Group, this CFP Model is subject to first level controls by all competent company Departments involved.

If the risk of corruption, fraud or 231 offences in the area of corruption is assessed as material in relation to:

- specific categories of transactions, projects or activities;
- planned or current relationships with specific categories of Business Partners;
- specific categories of Personnel at risk of corruption and/or fraud;

the Compliance Function, with the support of HERA's IAD, will perform a specific audit (and subsequent follow-up) on the implementation of this policy, particularly if certain events indicate the need for a prompt audit. Specific investigations are also activated in response to whistleblowing reports.

All the findings of audit activities are then subject to follow-up.

On the request of the Compliance Function, the IAD prepares and updates the monitoring and reporting of the outcomes of the audits and whistleblowing reports and stores the original documentation in line with legal and company provisions; it also keeps of file all the supporting documentation acquired during the audit procedure.

6.4 Due diligence

Based on the periodic risk assessment or on being informed of facts that may involve corruption or receiving whistleblowing reports, the Compliance Function may decide to perform due diligence on Suppliers or Business Partners to assess the specific risk of corruption or fraud or update their risk assessment. In this activity, the Compliance Function relies on the collaboration of the competent company departments.

In the case of extraordinary transactions involving the HERA Group (such as, by way of example, equity investments, mergers, joint ventures) the structures involved in the assessment and finalisation of the transaction may request the support of the Compliance Function to identify the main risk factors. Before formalising any binding deeds, and having regard to the specific nature of the transaction, information and declarations substantially equivalent to those required for other Business Partners must be collected.

6.5 Monitoring, Review and Improvements

The commitment to preventing corruption involves all the Group's Personnel. Every Department/Structure is responsible, for the parts under its remit, for putting in place appropriate control systems for the prevention of corruption, fraud and 231 offences (first-level controls).

The action taken to implement this CFP Model is reported in the Sustainability Report, which is subject to external verification by an independent accredited Company.

The Compliance Function, which is entrusted to HERA's Supervisory Board (SB), has direct and prompt access to the management body and the Senior Company Persons, if necessary, and has the appropriate expertise, status and independence.

The corruption and fraud prevention system, which is designed using the "PDCA" logic and integrated with the other management systems in place, is assessed continuously by the Compliance Function and is subject to periodic review by the Senior Company Persons under a continuous improvement approach.

7. DISCIPLINARY MEASURES

If the provisions of this CFP Model are infringed, the Group will apply to the employees responsible for the breach, including Management Personnel, the sanctions laid down in the company's disciplinary code in compliance with the collective labour agreements, the 231 Model, and the applicable procedures and legislation. Employees who infringe this Model may be subjected to disciplinary sanctions.

Breaches of the Model may include:

- actions contrary to Anti-Corruption and Anti-Fraud Laws, the Quality and Sustainability Policy or Model 231;
- the non-attendance of training sessions on the prevention of corruption, fraud or offences under Law 231;
- failing with no reasonable justification to detect or report any breaches or threatening or retaliating against individuals who report breaches.

The Group will make all reasonable efforts to prevent any conduct that infringes the Anti-Corruption and Anti-Fraud Laws, the Quality and Sustainability Policy or the 231 Model by its Business Partners.

The Group reserves the right to interrupt and sanction, at any time, relationships with Suppliers and Business Partners in general who are guilty of such infringements.