

---

**RE: HERA S.P.A. TAX STRATEGY**

---

**The Context:**

Since 2007, the Hera Group has adopted a Code of Ethics, which is periodically reviewed, with the aim of defining proper conduct and the procedures for carrying out activities, as well as overseeing responsibilities towards stakeholders.

The Code of Ethics therefore provides the framework of “ethical supervision” under which the Hera Group operates and forms the context for the Tax Strategy adopted by Hera S.p.A. (hereinafter: Hera or the Company).

Hera's Tax Strategy is furthermore consistent with the values and principles expressed in the Group's Code of Ethics and, along with the Tax Control Framework, of which it is an integral part, with the GRI standards applied by the Group in its sustainability reporting.

The *Tax Strategy*, as mentioned, is an integral part of the **Tax Control Framework** adopted by Hera, with the objective of remaining “in control” of tax risk, including support for the procedures for preventing offences from which corporate criminal liability may derive, as defined by Legislative Decree no. 231 of 8 June 2001, and the related financial and reputational risks. In this perspective, the Tax Control Framework integrates the controls provided for by the **Organisation, Management and Control Model**.

**The Goals:**

In keeping with and applying the values and guidelines established for all bodies belonging to the Hera Group, with this *Tax Strategy*, Hera S.p.A.'s Board of Directors defines and sets out the respective principles, to ensure that the **tax management** adopted by the Company guarantees the pursuit of the following objectives over time:

- lasting **growth** for the Company's assets and protection of the Hera Group's **reputation** and of its shareholders' interests;
- correct and timely determination and settlement of **taxes** due by law and execution of the related obligations;
- containment of **tax risk**, understood as the risk of incurring a violation of tax legislation or an abuse of the principles and purposes of the tax system.

**The Values:**

Hera operates according to the values summarised in this section, inspired by the Group's **Code of Ethics**. These values are an integral part of the company's Tax Strategy and guide its operations in managing the tax variable.

***Integrity***

Hera, in compliance with the principle of corporate responsibility, acts according to the values of **honesty** and **integrity** in managing its tax activities, in the awareness that tax revenues are one of the main ways in which the Hera Group contributes to economic and social development.

*cont.*

**Hera S.p.A.**

**Legality**

Hera encourages conduct oriented towards **compliance with the tax legislation** applicable in the countries in which it operates and their interpretation in order to responsibly manage tax risk, so as to satisfy the interests of all stakeholders and ensure that its positive reputation is maintained.

**Corporate culture**

The tax strategy adopted by Hera expresses the goal of ensuring the pervasive presence, beginning from top management, of a corporate culture based on the values of honesty and integrity and on the principle of legality.

**Transparency**

Hera maintains a collaborative and transparent **relation** with the **tax authorities**, ensuring that the latter, among other things, can gain a full understanding of the facts underlying the application of tax legislation.

**Responsibility**

Hera believes that taxes are a cost of doing business which, as such, must be managed in compliance with the principle of legality, with the aim of protecting the **company's assets** and pursuing the primary interest of creating long-term value for its shareholders by creating a value that is shared with its stakeholders.

**Lines of Conduct:**

Hera's *Tax Strategy* takes shape according to the following **lines of conduct** that Hera intends to maintain in order to reach the strategic goals it has defined.

**Correct application of tax legislation**

Hera is committed to applying the tax legislation of the countries in which it operates, ensuring full observation of the spirit and purpose that the regulations or laws set out for the subject matter under interpretation. In cases where tax legislation is not sufficiently clear or is not unambiguous in the meaning that can be given to it, the Tax Department pursues a reasonable interpretation of this legislation, inspired by the principles of legality, availing itself, where appropriate, of external professionals.

**Agree to disagree**

In defence of the interests of the company and its shareholders, Hera considers it legitimate to uphold – even during litigation – a reasonable interpretation of legislation, should interpretative disagreements with the respective tax authority arise.

**Full cooperation with tax authorities**

Hera guarantees transparency and correctness in its relations with tax authorities, including in the case of audits relating to both the Company and third parties. With a view to consolidating transparency towards tax authorities, Hera promotes adherence to cooperative compliance regimes, in order to achieve forms of enhanced relations, and adheres to the provisions on transfer pricing documentation, in accordance with the indications set out in the OECD's *Transfer Pricing Guidelines* (the so-called *three-tier approach*, based on *Master File*, *Local File*, *Country-by-Country Report*). In particular, the Hera Group has complied with the obligations, defined by the internal regulations transposing the OECD Guidelines, of the *Country-by-Country Report*, and to this end the Company Hera has been identified as the body in charge of transmitting the relevant data to the Revenue Agency.

(cont.)

### ***Aggressive tax planning***

Hera does not engage in national or cross-border conduct or transactions resulting in purely artificial arrangements, which do not reflect economic reality and from which it is reasonable to expect undue tax advantages, insofar as they are contrary to the purpose or spirit of the provisions or of the tax system in question and generate phenomena such as double deduction, deduction/non-inclusion or double non-taxation, including as a result of unbalances between the tax systems of any jurisdictions involved.

### ***Intra-group transactions***

Intra-group transactions are governed, for tax purposes, on the basis of the arm's length principle outlined in the OECD (*Model Tax Convention and Transfer Pricing Guidelines*), with the aim of aligning, as correctly as possible, transfer conditions and prices with the places where value is created within the Group. If and when Group bodies, with which Hera has transactions and relations that are relevant for the purposes of transfer pricing regulations, operate in countries that do not recognise the OECD rules, Hera's transfer pricing policies will be aimed at a twofold objective, on the one hand ensuring consistency between the place where value is produced and the place of taxation, and on the other avoiding double taxation.

### ***Tax management***

Hera is committed to implementing an internal tax risk control system (*Tax Control Framework*) in line with the OECD guidelines, as defined by the Italian Revenue Agency. In the tax management process, roles and responsibilities are clearly assigned, with proper respect for the principles of segregation of duties and allocation of decisions according to an internal escalation process. It is ensured that the Tax Department is endowed with (human, material and financial) resources and organisational relevance required to guarantee the performance of its functions. In addition, appropriate technological solutions maximise the quality and accuracy of the data supporting tax management and the related statements.

### ***Soft Controls***

The Tax Department is responsible for promoting a widespread presence of the culture and values involved in tax compliance, also by organising training initiatives intended for all personnel, including those not involved in the Tax Department. On a yearly basis, a report is submitted to the Board of Directors, through the Control and Risk Committee, illustrating any significant tax risks, the results of any audits on the *Tax Control Framework* and the measures used to remedy any shortcomings that may have emerged as a result of monitoring. No incentive mechanisms are introduced for managers linked to achieving tax reduction objectives, where these are consciously contrary to specifically applicable legal provisions.

#### **Adoption, Publication, Validity and Updating:**

The *Tax Strategy* is approved by Hera S.p.A.'s Board of Directors and published on the website (<https://www.gruppohera.it/>).

With the progressive implementation of the *Tax Control Framework*, the Italian companies belonging to the Hera Group adopt the *Tax Strategy*, by way of a specific resolution of the respective Board of Directors.

Interpreting the *Tax Strategy* is entrusted to Hera S.p.A.'s **Consolidated Financial Statements, IFRS Standards and Taxation Department**, which also sees to updating it.