



# CODE OF ETHICS

IV EDITION



The Code of Ethics of the Hera Group represents the development of the principles expressed in the mission and the Charter of Values laid down in 2006. It was drawn up in 2007 and updated in 2010, 2013 and 2016.

This edition of the Code was approved by the Board of Directors of Hera S.p.A. on 15th February 2017.

# TABLE OF CONTENTS

<b>INTRODUCTION .....</b>	<b>8</b>
<b>A decade: four editions, three revisions .....</b>	<b>8</b>
<b>Changes in the function of the Code.....</b>	<b>8</b>
<b>The third revision of the Code .....</b>	<b>9</b>
<b>A number of essential concepts .....</b>	<b>9</b>
<b>MISSION, ETHICS VALUES AND OPERATING PRINCIPLES OF THE COMPANY .....</b>	<b>11</b>
<b>I – GENERAL AIMS AND PRINCIPLES .....</b>	<b>14</b>
<b>1 – Subjects of the Code and operating principles .....</b>	<b>14</b>
1. <i>Subjects of the Code .....</i>	<i>14</i>
2. <i>Company ethical values .....</i>	<i>14</i>
3. <i>Company working principles .....</i>	<i>14</i>
4. <i>Definition of ethical behaviour .....</i>	<i>14</i>
<b>2 – General aims.....</b>	<b>14</b>
5. <i>Respect for the Code of Ethics .....</i>	<i>14</i>
6. <i>Responsibility and decision-making power.....</i>	<i>14</i>
7. <i>Accountability .....</i>	<i>14</i>
8. <i>Commitment to dialogue .....</i>	<i>15</i>
9. <i>Confidentiality of information.....</i>	<i>15</i>
10. <i>Potential conflicts of interest .....</i>	<i>15</i>
11. <i>Protection of physical and moral integrity .....</i>	<i>15</i>
12. <i>The value of education and training .....</i>	<i>15</i>
13. <i>The importance of communication.....</i>	<i>15</i>
14. <i>The importance of collaboration.....</i>	<i>15</i>
15. <i>Confidentiality of private data and respect for the private sphere .....</i>	<i>15</i>
16. <i>The environment.....</i>	<i>15</i>
17. <i>Mutual acceptance of the Code.....</i>	<i>15</i>
<b>II – CUSTOMER RELATIONS.....</b>	<b>16</b>
18. <i>Definition of the customer.....</i>	<i>16</i>
19. <i>Impartiality between customers .....</i>	<i>16</i>

20.	<i>Consideration for customer needs</i>	16
21.	<i>Information for and communication with customers</i>	16
22.	<i>Quality and guarantee of service provided</i>	16
23.	<i>Management and communication of the quality of service provided</i>	16
24.	<i>Quality as perceived by the customer</i>	17
25.	<i>Fairness in contracts and trade relations</i>	17
26.	<i>Prevention of conflict</i>	17
<b>III – RELATIONS WITH EMPLOYEES AND ASSOCIATES</b>		<b>18</b>
27.	<i>Definition of employees and associates</i>	18
28.	<i>Protection of the person and equal opportunities</i>	18
29.	<i>Optimising human resources</i>	18
30.	<i>Education and training</i>	18
31.	<i>Time management</i>	18
32.	<i>Abuse of power</i>	18
33.	<i>Involvement of employees and associates</i>	18
34.	<i>Health and safety</i>	19
35.	<i>Diligence and efficiency in the use of company resources</i>	19
36.	<i>Conflicts of interest</i>	19
37.	<i>Protecting company image and reputation</i>	19
38.	<i>Different sensibilities and respect for company decisions</i>	19
39.	<i>Relations between colleagues and due regard for the employee’s private life</i>	19
<b>IV – RELATIONS WITH SHAREHOLDERS AND THE FINANCIAL MARKETS</b>		<b>20</b>
40.	<i>Definition of shareholders and the financial market</i>	20
41.	<i>The creation of value</i>	20
42.	<i>Protection of shareholders</i>	20
43.	<i>Price-sensitive information</i>	20
44.	<i>Participation of shareholders</i>	20
45.	<i>Protection of minorities, equality of shareholders</i>	20
46.	<i>Misuse of privileged information</i>	20
47.	<i>The ethical value of a Hera share</i>	21
<b>V – RELATIONS WITH SUPPLIERS</b>		<b>22</b>
48.	<i>Definition of the supplier</i>	22

49.	<i>Relations with suppliers and social responsibility in tenders</i>	22
50.	<i>Suppliers and the image and reputation of Hera</i>	22
51.	<i>Social and environmental policies of suppliers</i>	22
52.	<i>Protection of supplier health and safety</i>	22
53.	<i>Supplier selection and qualification criteria</i>	22
54.	<i>Supplier evaluation</i>	22
55.	<i>Calls for tender</i>	23
56.	<i>Correctness in the handling and formulation of contracts</i>	23
57.	<i>Gifts and perks</i>	23

**VI – RELATIONS WITH THE LOCAL AREA, THE COMMUNITIES AND THE INSTITUTIONS..... 24**

58.	<i>Definition of the local area, the community and the institutions</i>	24
59.	<i>Relations with the environment</i>	24
60.	<i>The contribution of Hera to environmental education and to the circular economy</i>	24
61.	<i>Relations with the institutions</i>	24
62.	<i>Relations with the regulatory bodies</i>	24
63.	<i>Relations with the communities and residents</i>	24
64.	<i>Support for social and cultural initiatives</i>	25
65.	<i>Donations to charities</i>	25

**VII – IMPLEMENTATION OF THE CODE..... 26**

66.	<i>Ethics Committee for the diffusion and implementation of the Code</i>	26
67.	<i>Promotion of the spirit and contents of the Code</i>	26
68.	<i>Consultancy relating to interpretation of the Code and ethical education</i>	26
69.	<i>Procedures for Committee functioning</i>	26
70.	<i>Committee power limits</i>	26
71.	<i>Office procedure</i>	26
72.	<i>Procedures following communication by third parties</i>	26
73.	<i>Preliminary investigation</i>	26
74.	<i>Time</i>	27
75.	<i>Investigations</i>	27
76.	<i>Confidentiality</i>	27
77.	<i>Convocation of the Committee</i>	27
78.	<i>The Committee secretary</i>	27
79.	<i>Submission of acts and minutes</i>	27

80.	<i>Voting</i> .....	27
81.	<i>Relations between the Committee and the Board of Directors</i> .....	27
82.	<i>Relations between the Committee and company departments</i> .....	28
83.	<i>Committee findings</i> .....	28
84.	<i>Violation judgement</i> .....	28
85.	<i>Communication to interested parties</i> .....	28
86.	<i>Validity of the Code</i> .....	28

## Introduction

### *A decade: four editions, three revisions*

The Hera Code of Ethics first entered into force in 2007. The second edition was published in 2011 and the third in 2014. So this is the fourth edition. It is Article 86 that calls for revision of the Code every three years, supplemented based on the experience and changes that have affected the company, its stakeholders and the economic and social context.

Ten years of the Code is a major milestone with a symbolic content not to be dismissed. There have been many changes inside and outside the company and the Code has recorded them: the driver making Hera's relations with its stakeholders more intense and effective.

Over the years the number of reports to the Ethics Committee has gradually increased, peaking at 26 in 2014. The annual average was in any event above 20, resulting in over 180 cases in total handled by the Committee by the end of 2016. The reasons for the increase certainly vary: from the company's geographic expansion to the ongoing social changes, the greater sensitivity and focus of stakeholders on maturing and consolidating Hera's relations that result in specific effects in terms of social dialogue.

In the first few years after implementation of the Code, the majority of reports were from employees, still the stakeholder category that makes most recourse to the Committee. This situation gradually changed, however, with more balance between "internal" and "external" reports and a stronger presence of customers among the reporting parties.

### *Changes in the function of the Code*

The fundamental change seen in the Code over its lifetime is this: from an essentially regulatory tool ("to restore rights that are damaged"), the Code has become a means of support and guidance for the Group's social responsibility and for the active, sensitised management of ethics issues in everyday business activities, i.e. a "governance tool". In effect, the Code has become – along with others – a means of facilitating decisions and therefore of simplifying the demonstration of individual responsibility of its players: executive managers, middle managers, employees, collaborators and suppliers.

In addition, the Code can be interpreted as an "environment", i.e. a cultural reference around which dialogue and consideration initiatives have developed, involving employees, trade unions and – more recently – groups of middle managers and executive managers. Particularly worthy of mention is the "CSR and Code of Ethics in day-to-day management", an ongoing project launched four years ago, that every year aims to engage twenty or so executive and middle managers on ethics issues associated with the company's current operations. The goal is to demonstrate the practical nature of the Code, its ability to contribute to business development also in more entrepreneurial terms. Within the company, so as to make more effective decisions, it is important to communicate, discuss, measure against and agree not only on economic quantities, *but also on the values*. In a democracy, the values, too, are nourished by social relations and people's openness to dialogue and respect for others' opinions. The key is that this game is respected unanimously. In other words, a shared ethical foundation exists on which to build the dialogue. The Code's aim is to represent this very agreed basis.

In addition to the "CSR and Code of Ethics in day-to-day management" seminars targeting managers, the following contributed to the improvement and effectiveness of the Code:

- the three-yearly review achieved with involvement of the workforce;
- the sensitisation initiative "AlphabEthics", which in 2008 involved all employees and year by year all new recruits, in 2015 also involved all employees of AcegasApsAmga;
- the institutional training for new middle and executive managers, which includes



- specific in-depth study of corporate social responsibility;
- the Ethics Committee's activities concerning reports received and subsequent collaboration with the managements/companies of the Group involved.

These initiatives are an important part of Hera's "ethics heritage", continually enhanced over the years under the guidance of the Corporate Social Responsibility Division and the Ethics Committee.

### **The third revision of the Code**

This fourth edition of the Code was prepared by a work group mostly comprising the heads of the various company departments and subsidiaries, with a significant contribution from participants in the "CSR and Code of Ethics in day-to-day management" project mentioned previously.

The key aspects of the revision relate to a number of additional articles, different terminology specifications and a general simplification of the language used. The general document structure remains the same. There are certain additional references to fundamental aspects of current debate on environmental and social issues, as well as topics defining relations between the company, stakeholders and the community.

Consultation for the revision was expanded to all employees through traditional tools and new technologies, allowing most of the workforce to be contacted, interviewed and heard. The forward-looking aim is to engage other stakeholders by similar methods to those used in-house, even if the real "social agreement" represented by the Code must be adopted first and foremost by those that configure, guide and carry out the company's activities.

#### ***A number of essential concepts***

So as not to take for granted that everyone knows what a company's Code of Ethics is and how it works, it is worth pointing out some of the concepts that define and limit the role and function of the Code:

□ The Code of Ethics is an instrument of social responsibility for a business that wishes to follow good behavioural practices. The Code must reduce the uncertainty that accompanies decisions.

□ The Code does not replace any laws or contractual regulations, it completes them. Laws alone are almost never enough to establish the "right behaviour".

□ The conduct of the persons working for the organization shapes and models its image. There is thus a direct relationship between respect of the rules, authority, reliability and the success of the company.

□ The Code of Ethics is particularly important for companies that provide services of public utility (as is the case of the Hera Group). The importance of these services in the lives of individuals and their families is clear. It must be demonstrated in concrete terms (through conduct) that staff are aware of the impact the services have on the lives of other people. Hera's activities also have a major, direct impact on the environment, again influencing people's daily lives and their future.

□ The Code has other goals, including:

- to increase cohesion*: one of the aims of the Code is to improve internal relations and to ensure a single, clear external image;

- b. *to increase efficiency*: the motivation of participants to reach positive goals increases their ability to produce benefits;
- c. *to consolidate its reputation*: an organisation that operates on the basis of sound rules and manifests its values in its actions creates a feeling of security among its stakeholders, who can thus transform into partners.

□ The Ethics Committee should therefore be considered as a body that promotes and develops positive conduct and not as a panel of judges. It is precisely for this reason that a periodic evaluation is made of the “overall ethical state” of the organisation.

## MISSION, ETHICS VALUES AND OPERATING PRINCIPLES OF THE COMPANY

### Mission, values and operating principles of Hera, approved by the Board of Directors on 26 June 2006

#### Mission

“Hera's goal is to be the best multiutility in Italy for its customers, workforce and shareholders. It aims to achieve this through further development of an original corporate model capable of innovation and of forging strong links with the areas in which it operates by respecting the local environment.

For Hera, being the best means inspiring the pride and trust of:

- customers, who receive, thanks to Hera's responsiveness to their needs, quality services that satisfy their expectations;
- the women and men who work at Hera, whose skills, engagement and passion are the foundation of the company's success;
- shareholders, confident that the economic value of the company will continue to be generated, in full respect for the principles of social responsibility;
- the areas in which Hera operates, where economic, social and environmental health represent the promise of a sustainable future;
- suppliers, key links in the value chain and partners for growth".

#### Ethical values

##### Integrity

In its external and internal relations, Hera is a company whose actions are guided by considerations of legality, correctness, honesty, fairness and impartiality in all its dealings. By sharing these principles, Hera establishes enduring relationships with its customers and suppliers, overall transparency in its dealings with third parties, and appropriate and fair-minded compensation for the work of its collaborators (*Proud to be a honest, loyal group of people*).

##### Transparency

Hera is committed to keeping all stakeholders fully informed as to all actions at every corporate level. It shall provide this information fully, with all due clarity, in a timely manner. Hera sees transparency as a means of adopting management instruments conducive to dialogue with stakeholders with a view to meeting information and knowledge needs relative to the economic, social and environmental impacts of corporate activities (*Clear and honest messages to all stakeholders*).

##### Personal responsibility

Working for Hera means commitment to building relationships of trust with colleagues, and, more generally, with all stakeholders. Actions for the achievement of company objectives must be undertaken in a spirit of loyalty and efficacy, with each individual fully aware of the nature of his/her duties and responsibilities (*Committed to the good of the company*).

##### Coherence

Everyone who works for Hera, at every level, is called upon to

implement the Mission, Values and operating principles of the company on a daily basis, in every action taken. These are the foundations of strategic planning, company goals and operational management (*Living up to our Mission and Values*).

## **Principles of company functioning**

### **Creation of value and social and environmental responsibility**

Hera is committed to combining the creation of economic and social value with satisfying the legitimate expectations of all those with whom it has dealings: customers, employees, shareholders, suppliers, institutions and local communities. Hera considers compliance with the principles of social responsibility a key element in its efforts toward sustainable development (*Being a company that is built to last, to help improve society and the environment for future generations*).

### **Service quality and excellence**

Customer satisfaction is a fundamental element for the growth of a group that wishes to be considered as a solutions provider, capable of understanding client needs and guaranteeing top-quality services. It is Hera's daily Mission to supply consistent and reliable responses to the expectations of its customers. Hera's organisational resources, professional approach and business culture are the outcome of its focus on listening to customers and serving their needs (*Putting customers first, working to deserve their trust*).

### **Efficiency**

Hera is committed to pursuing its objectives quickly and efficiently through the application of the principle of optimisation across the board: in the management of human resources, time, and financial and technological resources (*Making the most of available resources*).

### **Innovation and ongoing improvement**

Hera aims to introduce at various organisational levels all those aspects of innovation that are both "useful and possible" in the areas of technology, organisation, management and process. Hera is determined to work every day toward the concrete improvement of its operations and services, encouraging an attitude of changing for the better (*Feeling like part of a team that generates ideas and improves things*).

### **Engagement and optimisation of personnel**

Hera is committed to making the most of everyone's experience and developing their skills, to promoting cooperation and the exchange of knowledge, so that work becomes a source of satisfaction and pride for people, as well as an important factor for the success of the business. Conduct in keeping with the company Mission and core Values will be rewarded, and dialogue will be encouraged so as ensure the circulation of information and the feeling of belonging to a united and integrated group (*Sharing knowledge to improve both oneself and the company*).

### **Will to choose**

In pursuing its Mission, Hera will select business areas and development strategies to increase corporate value and market competitiveness. Differentiation on the basis of merit will be the guiding principle behind the recognition of the workforce (*Choosing the most useful solution for growth*).

## I – GENERAL AIMS AND PRINCIPLES

### 1 – Subjects of the Code and operating principles

#### **1. Subjects of the Code**

The subjects of the Code are all those people who, in one way or another, and with different levels of responsibility, either directly or indirectly, work to achieve Hera's goals.

#### **2. Company ethical values**

Hera summarises its ethical values as follows:

- integrity;
- transparency;
- personal responsibility;
- coherence.

#### **3. Company working principles**

In line with its Charter of Values, Hera summarises its working principles as follows:

- creation of value and social and environmental responsibility;
- service quality and excellence;
- efficiency;
- innovation and ongoing improvement;
- engagement and optimisation of personnel;
- empowerment to choose.

#### **4. Definition of ethical behaviour**

Ethical behaviour is defined as the manner in which the organisation's staff work in conformance with its values and principles.

### 2 – General aims

#### **5. Respect for the Code of Ethics**

Administrators, employees and associates of Hera base their relations on mutual trust. To this end they are inspired in their daily behaviour by respect for the regulations contained in this Code. Any conduct that does not comply with the Code of Ethics is equivalent to a violation of the agreement of trust and must therefore be reported.

#### **6. Responsibility and decision-making power**

Hera interprets the company as a place of responsibility. The responsibility is proportionate to the authority and the level of decision-making discretion he/she has.

The dissemination and implementation of this Code requires the commitment of everybody, but in particular of those in positions of greater decision-making power, who must guarantee the development of Hera's social responsibility and be an example to all.

#### **7. Accountability**

Hera takes upon itself the task of accounting for its objectives, activities and results, using instruments deemed useful for divulging the economic, social and environmental impact.

“Accountability” is to be adopted in individual conduct as common practice.

#### ***8. Commitment to dialogue***

Hera establishes a dialogue with its stakeholders and their representatives in their mutual interests. Everyone is required to acknowledge the request for dialogue.

#### ***9. Confidentiality of information***

The administrators, employees and associates of Hera must consider all information on company activities, known to them as part of their respective roles, to be confidential and in the exclusive interest of the company, until such a time as that information is made public.

#### ***10. Potential conflicts of interest***

Administrators, employees and associates must avoid situations that can represent a conflict of interest between them and the company.

#### ***11. Protection of physical and moral integrity***

Hera protects the physical and moral integrity of its employees and associates, ensuring safe and healthy working environments that respect the dignity of the individual. Hera works to ensure that its suppliers show the same level of respect to their employees and associates and, to this end, carries out specific checks.

#### ***12. The value of education and training***

Hera recognises the importance of training as an indispensable factor in enhancing the expertise of its employees and in the growth of company.

#### ***13. The importance of communication***

Hera recognises the value of communication as an indispensable factor for sharing and exchanging skills and increasing the sense of belonging to the company.

#### ***14. The importance of collaboration***

Hera recognises the fundamental value of collaboration between workers and the various company structures. This must be based on the needs of internal customers and the common interests of the Group.

#### ***15. Confidentiality of private data and respect for the private sphere***

Hera ensures confidentiality of personal data in its possession. Administrators, employees and associates are all committed to using such data solely for ends connected to the carrying out of their respective tasks and in full observance of security measures currently in force.

Hera guarantees respect for the private lives of persons.

#### ***16. The environment***

Hera runs its business in full respect of the environment. To this end, it uses the most appropriate technology for preventing risks to the environment and reducing direct and indirect environmental impact.

#### ***17. Mutual acceptance of the Code***

Hera requires that all those who in one way or another collaborate in company activity adjust their behaviour so that it complies with the present Code.

## II – CUSTOMER RELATIONS

### ***18. Definition of the customer***

The customer is anyone who in any way whatsoever uses the products or services of the company.

### ***19. Impartiality between customers***

In providing its services, Hera guarantees equity of treatment of its customers, whether actual or potential.

Hera aims to achieve the highest level of service in all areas of its competence, in a manner which is compatible with the different characteristics of the local areas and in compliance with the rules issued by the regulatory bodies.

### ***20. Consideration for customer needs***

Hera bases its relations with customers on cooperation, respect, courtesy and participation and makes every effort to keep them satisfied.

In recognising the value of listening and dialogue, Hera adopts and promotes tools and opens channels with a view to ensuring prompt and high-quality information and communication, to increasing the level of mutual cooperation and thereby to improving the quality of service and relations.

### ***21. Information for and communication with customers***

Hera is committed to informing its clients in a complete and timely way of the characteristics, functions costs and risks of the services offered. In particular, communiqués, contracts and documents and all other information released by the Group must be:

- clear and simple, formulated using the most direct and commonly used language possible;
- complete and true, in such a way as not to leave out any element relevant to the decision of the customer (existing or potential);
- compliant with the privacy legislation and the overall spirit of this Code.

Hera aims to simplify procedures, committing itself to limiting demands on customers while supplying them with all clarifications requested.

### ***22. Quality and guarantee of service provided***

Hera guarantees adequate quality and safety standards for its customers. Our Charter of services constitutes a formal commitment on the part of the Group vis-à-vis its customers and represents a supplementary element to supply contracts.

For the gas and electrical energy services and with the aim of guaranteeing maximum levels of quality and safety, Hera takes as its terms of reference the standards defined by the Italian Authority for Electricity, Gas and Water (AEEGSI), committing itself to their continuous improvement.

### ***23. Management and communication of the quality of service provided***

Hera is committed to divulging the qualitative and quantitative indicators of its Charter of services and to listing the results achieved. These indicators constitute the informative basis that customers can use to evaluate the quality of the service provided.

To this end, Hera will:

- adopt quality management systems and define specific service improvement programmes;
- supply institutions with the information necessary for understanding the possible risks for the safety of the community affected by company activity and the quality of the service provided;



- promote in-house awareness and training activities geared towards the quality of service;
- inform customers of the procedure to be followed to make claims and receive answers to these claims.

#### ***24. Quality as perceived by the customer***

Hera is committed to adopting instruments for monitoring and assessing customer satisfaction, annually publishing data and information on perceived quality that will form the basis for improvement measures.

#### ***25. Fairness in contracts and trade relations***

Hera guarantees the fairness of contracts and trade relations.

Hera makes its own the dispositions contained in the commercial Code of Conduct for the sale of natural gas and electric energy issued by the Italian Authority for Electricity, Gas and Water and provides its staff with adequate training.

Hera works to ensure that agents tailor their conduct and that of the subjects they employ to the same rules of fairness that Hera adopts in relation to its clients.

#### ***26. Prevention of conflict***

Hera favours dialogue and collaboration with customers and privileges amicable settlements of disputes, promoting preventive conciliatory procedures between the company and the customer.

### III – RELATIONS WITH EMPLOYEES AND ASSOCIATES

#### ***27. Definition of employees and associates***

For the purposes of the present Code, an employee and/or associate is a person that, independent of the juridical character of their relation with the company, has engaged with Hera in a direct relationship finalised towards the achievement of company aims.

#### ***28. Protection of the person and equal opportunities***

Hera avoids all forms of discrimination, whether these be related to physical condition, disability, opinions, nationality, religion, sex, sexual orientation and gender identity or any other condition that could give rise to discrimination.

Personnel are asked for information which solely concerns professional and working requirements and which is in full respect of their private lives.

Hera develops practices of conciliation between life and working time and guarantees equal opportunities.

#### ***29. Optimising human resources***

Hera is committed to promoting diversity and guarantees a working environment in which each person can collaborate by expressing his/her full professionalism and in which responsibility is shown and the shared rules are respected by everyone.

In its industrial relations, the company values skills, potential and commitment and applies clear, uniform and objective criteria for staff assessment.

#### ***30. Education and training***

Hera develops and puts into practice a plan for the annual training of its employees and associates, combining the need for company growth with the formational needs expressed by workers and placing at the disposal of the latter the instruments required for their professional development and training.

#### ***31. Time management***

All managers must assess the working times of associates and must only demand that they carry out tasks in line with their duties and with company requirements.

Likewise, all employees must pursue the goal of maximum organisational efficiency in the use of their time and propose improvements in this respect.

#### ***32. Abuse of power***

Management will not ask personal favours of associates nor demand that they behave in a way not stipulated in the work contracts or in the regulations of the present Code.

#### ***33. Involvement of employees and associates***

Starting from its top management, Hera promotes a working environment based on information to and involvement of staff. In particular it:

- clearly defines company roles;
- adopts specific management systems;
- invites the contribution of everyone to innovation and to the solution of problems;
- organises occasional meetings for the sharing of company objectives;
- develops appropriate instruments for company communications;
- periodically investigates the company atmosphere and makes every effort to constantly improve it;
- promotes exemplary behaviour of managers, identifying them as the main generators of a positive approach.

### ***34. Health and safety***

Hera is committed to diffusing and consolidating a culture of safety among its employees, to developing awareness of risks and to promoting responsible behaviour.

To this end it commits itself to:

- adopting management systems for health and safety in the workplace;
- defining specific goals and improvement programmes which reduce professional accidents and illnesses to a minimum;
- observing health and safety measures in the workplace during the carrying out of its own activities.

Hera safeguards both employees and associates from sexual molestation, acts of psychological violence and from any behaviour which is discriminatory or damaging to the person.

### ***35. Diligence and efficiency in the use of company resources***

Each employee of Hera is required to operate with the necessary diligence and efficiency to protect and make the most of company resources, ensuring that they are used consistently with the company's interests.

Likewise it is the responsibility of employees and associates not only to protect such assets, but also to impede fraudulent or improper use to their own advantage, to the advantage of third parties or to the advantage of firms within the Group.

### ***36. Conflicts of interest***

All employees and associates must avoid situations in which conflicts of interest may arise. Likewise, they must abstain from personally benefiting from their position, from information and from the discretionary power connected with their role.

All employees and associates are obliged to inform their direct superiors of potential situations of conflict of interest in which they can be involved.

### ***37. Protecting company image and reputation***

Hera's image and reputation are essential resources that employees and associates must protect through their conduct in all situations, taking account of the evolution of the social context, technology and the new tools available.

### ***38. Different sensibilities and respect for company decisions***

Irrespective of the freedom of opinion of each employee or associate and respect for the decisions made by the company, the conduct of each person must succeed in safeguarding Hera's reputation.

### ***39. Relations between colleagues and due regard for the employee's private life***

Every employee and associate is obliged to adopt an attitude of respect, protection of dignity, collaboration and solidarity towards all his/her colleagues.

Hera respects the private sphere of its employees and associates and identifies methods for giving due regard to their needs in situations of difficulty which might prevent them from carrying out their normal duties.

## IV – RELATIONS WITH SHAREHOLDERS AND THE FINANCIAL MARKETS

### ***40. Definition of shareholders and the financial market***

A Hera shareholder is anyone who owns shares in the company. Included in this category, therefore, are public shareholders as well as institutional and private investors.

By financial market is meant the ensemble of institutions and persons involved in the exchange of financial instruments.

A financier is anyone that possesses debt instruments issued by Hera, including loans, leases, bonds etc.

### ***41. The creation of value***

Hera is involved in the creation of medium-long term value for its shareholders, with a policy of effective control of business risks, socially responsible management of the business environments in which it operates and continuous commitment to management efficiency, to the safe use of capital and to the safeguarding of the company's tangible and intangible assets.

Hera is aware of the importance of establishing a trusting relationship with shareholders, financiers and analysts through conduct based on transparency and ongoing, timely and clear communication.

### ***42. Protection of shareholders***

Hera adopts a system of government and management aimed at ensuring the protection of capital and profit for all shareholders, in line with the law, the contents of the Code of Self-Discipline promoted by the Italian stock market and international best practices.

### ***43. Price-sensitive information***

Hera adopts an internal control and management system aimed at ensuring the truthfulness and accuracy of company communications in order to prevent corporate crimes that damage the interests of shareholders and financiers.

The transmission of information is fully in line with the criteria laid down in the deliberations of Consob concerning price sensitive data and in respect of internal procedures relating to the same matter.

Hera guarantees appropriate information for institutional investors, minor shareholders, financial analysts and financiers so that their decisions are taken on the basis of a comprehensive understanding of the company's strategies and management results.

### ***44. Participation of shareholders***

Hera is committed to developing a constant relationship with all categories of investor, both through its web site and by promoting face-to-face meetings over and above those provided for by the law.

Moreover, with the aim of achieving correct communication towards the market and guaranteeing dialogue with shareholders, Hera has developed the figure of the Investor Relations Manager whose task it is to coordinate and handle all communications relating to strategy and bottom line results. The Chairman of the Board of Directors oversees the correctness of this information.

### ***45. Protection of minorities, equality of shareholders***

Hera guarantees parity of information and treatment for all shareholders and protects its own interests and those of shareholders in general.

### ***46. Misuse of privileged information***

The administrators, employees and associates of Hera who, in the carrying out of their duties, have access to price-sensitive information not available to the public, will not take advantage of

such information and not disseminate it either inside or outside the Group.

Hera also adopts all procedures established by the law in the area of internal dealing to guarantee the maximum transparency of the operations carried out on its financial instruments by natural persons and juridical persons with powers of strategic relevance within the Group.

***47. The ethical value of a Hera share***

Hera furnishes investors, analysts and financiers with the necessary information for verifying the consistency between its practices and the principles contained in its mission statement.

Hera is committed to promoting the transfer of value creation, agreed with stakeholders also in terms of the share value.

## V – RELATIONS WITH SUPPLIERS

### ***48. Definition of the supplier***

Suppliers are persons and businesses which, in various different ways, whether individually or as part of a chain, supply the goods, services, labour and resources necessary for the carrying out of Hera activities and the supply of service and who in this way participate in the achievement of Hera's objectives.

They are all requested to adopt the goals and principles of this Code.

### ***49. Relations with suppliers and social responsibility in tenders***

The conduct of Hera in the phases of supply of goods, services or labour is focused on the search for quality and cost containment and the recognition of equal opportunities for each supplier.

Hera is committed to developing relations of cooperation with suppliers founded on communication aimed at the mutual exchange of skills and information to favour the creation of shared value.

Situations of subordination, either for the group or the supplier, are to be avoided.

Hera is committed to implementing and promoting specific social responsibility initiatives in its tenders.

### ***50. Suppliers and the image and reputation of Hera***

The suppliers contribute in building the image and reputation of Hera. The quality of relations with the company therefore also depends upon their ethical conduct.

### ***51. Social and environmental policies of suppliers***

Suppliers must be able to provide Hera with details of their social and environmental policies and of their results in relation to the assignments given.

### ***52. Protection of supplier health and safety***

Hera is committed to carrying out monitoring activities, in the forms and ways expressed in its contracts, to safeguard the health and safety of the employees of its supplier companies. Hera checks that the requisites of these companies conform over time with those required by company procedures and qualification systems.

### ***53. Supplier selection and qualification criteria***

The selection and qualification of suppliers are based on the principles of objectivity and fairness, and implemented in accordance with specific regulations and procedures. Selection issues from an evaluation of the quality and cost of the service, technical-professional suitability, respect for the environment and social responsibility.

Written acceptance of this Code on the part of the supplier represents one of the qualification criteria and becomes an integral part of the contractual relationship.

### ***54. Supplier evaluation***

Supplier evaluation is based on the criteria outlined in the previous article. Hera adopts specific procedures to assess:

- their conduct;
- their expertise;
- their efforts to adapt and improve their performances;
- their willingness to accept and facilitate Hera's acquisition of information, also in line with corporate certification systems.

### ***55. Calls for tender***

Hera's commitment is to reconcile the search for the most advantageous offer with due consideration for the supplier's expected earnings and cost limitation plans.

Hera allows anyone in possession of the minimum requirements to participate in tenders, and handles them with adequate conditions of competitiveness, transparency and cost.

### ***56. Correctness in the handling and formulation of contracts***

Handling of contracts with suppliers is founded on correctness and the rejection of each and every form of abuse. This means that Hera will:

- during the contract stipulation phase, inform the supplier in an exhaustive manner of the characteristics and risks of production, of methods and times for payment, and of other features of the relationship deemed to be of major importance for the supplier;
- use complete, clear and comprehensible information that eliminates potentially ambiguous interpretation.

In relations with suppliers, Hera does not exploit its positions of strength or advantage, especially in cases in which contracts have to be renegotiated.

### ***57. Gifts and perks***

Hera avoids giving and receiving gifts, which could be interpreted as going beyond normal practices of commercial courtesy.

Those who receive gifts or other benefits of more than modest value as part of ordinary commercial courtesy practices must inform their line managers, who will arrange their return or donate them to charity in accordance with the specific company provisions in this area.

## VI – RELATIONS WITH THE LOCAL AREA, THE COMMUNITIES AND THE INSTITUTIONS

### ***58. Definition of the local area, the community and the institutions***

The term ‘local area’ is intended to mean a given physical area with its natural and historical features, its communities, its institutions and other forms of social organisation.

The term ‘institution’ is normally intended to mean a public institution.

### ***59. Relations with the environment***

Hera pursues the protection of the environment by improving its activities relating to environmental impact. To this end it commits itself to:

- adopting certified environmental management systems;
- operating for the prevention of environmental risk;
- defining specific improvement programmes aimed at minimising environmental impact;
- distributing in the local area a culture of respect for the environment including through focused initiatives and specific customer services;
- supplying institutions with all information necessary for understanding the possible environmental risks connected with company activity;
- promoting consciousness reawakening activities and in-house environmental education as well as the diffusion of environmentally friendly technology;
- recording the environmental impact of its activities through the identification of key performance indicators.

### ***60. The contribution of Hera to environmental education and to the circular economy***

Hera organises and carries out informative, educational and learning initiatives on respect for the environment and implements projects to strengthen the circular economy.

### ***61. Relations with the institutions***

Hera develops relations of collaboration and communication with local political institutions. These concern exclusively:

- the regulatory and administrative activity of the Group;
- safeguarding of the environment;
- risk prevention.

The administrators, employees and associates of the Group act with integrity vis-à-vis the institutions. The Group adopts a specific organisational model for the prevention of crimes against the public administration. It is also committed to partnerships with institutions and representative organisations for the preparation of regulations which, targeting the wellbeing of the community, guarantee the sustainability of business operations.

### ***62. Relations with the regulatory bodies***

Hera is committed to supplying the national and local authorities deputised for the control and regulation of services with all information requested, in a complete, correct, adequate and timely manner.

### ***63. Relations with the communities and residents***

Hera is committed to giving due regard to the life of the communities in which it operates and listening to their suggestions. To this end, it sets up consultation, information, listening and participatory initiatives, adopting specific tools, with particular regard to those communities which are located in the vicinity of its present and future plants.

Hera seeks the cooperation of residents and supports the development of their positive behaviour.



#### ***64. Support for social and cultural initiatives***

In supporting social and cultural initiatives and in its sponsoring activities, Hera follows a precise procedure, only taking into consideration initiatives that are in line with its own strategic goals, with the principles of social and environmental responsibility and with the aims laid down by the Board of Directors.

Hera makes no contributions of any kind to political parties or election candidates and abstains from all forms of undue pressure on public representatives aimed at procuring advantages for the company. It is also committed to providing details of the amounts disbursed and to which main initiatives in its annual Sustainability Report.

#### ***65. Donations to charities***

When making charity donations or conceding liberalities, Hera bases its action on the principles defined by an appropriate procedure, thus privileging initiatives which offer an assurance of quality, which stand out for the ethical message transmitted and which, in keeping with Hera's mission, contribute to social development. It is also committed to providing details of the amounts disbursed and to which main initiatives in its annual Sustainability Report.

## VII – IMPLEMENTATION OF THE CODE

### ***66. Ethics Committee for the diffusion and implementation of the Code***

All tasks of dissemination and implementation of the present Code are reserved for the Board of Directors, which appoints a Committee of three members including at least one director of Hera S.p.A. and two experts in social responsibility as defined by Italian Legislative Decree 231/01. At least one member is external to the company.

The Committee remains in office for three years and its members can be re-elected.

During its first sitting, the Committee elects a Chairperson from among its members.

### ***67. Promotion of the spirit and contents of the Code***

The Committee, with Hera management and the executive bodies of the Group companies, promotes awareness and implementation of the Code at all levels of the organisation.

### ***68. Consultancy relating to interpretation of the Code and ethical education***

Opinions concerning the contents of the Code and its compliance can be asked of a single member of the Committee.

Hera is committed to taking periodical initiatives for the education and training of employees and associates, in particular at the moment of their admission or employment, as well as initiatives aimed at informing and sensitising opinion in relation to these matters.

### ***69. Procedures for Committee functioning***

The procedures for functioning of the Committee are defined by the Committee itself and submitted for approval to the Board of Directors. Functioning of the Committee must envisage specific procedures concerning matters covered by Italian Legislative Decree 231 and by the relevant organisational model and regulations. In particular, relations with the Overseeing Body stipulated by Italian Legislative Decree 231/01 will be ensured directly by the Chairperson of the Committee.

If at any time the Committee notes the need for modifications or updates to the Code, these will first be decided upon by the Committee and then submitted to the Board of Directors for approval.

### ***70. Committee power limits***

It is not the task of the Committee to provide interpretations of laws or contractual clauses.

### ***71. Office procedure***

Whenever Committee members suspect or acquire direct or indirect knowledge of violations of the Code, they are obliged to communicate them to the Chairperson of the Committee, who, in turn, is obliged to subject the issue to the Committee's attention at its next meeting.

The Committee will either start a procedure or dismiss the report.

### ***72. Procedures following communication by third parties***

Violations of the Code can be brought to the attention of the Committee in its entirety or to any of its individual members. They can be presented verbally or in writing. If presented verbally the report will be formalised in writing during the subsequent sitting of the Committee.

In cases where the Committee decides not to proceed, it must communicate this to the person who has made the complaint using the same methods which were adopted for the drafting of the complaint itself.

### ***73. Preliminary investigation***

In cases where the Committee decides to take action, it must be written in the appropriate protocol and marked with a name or a number.

The documents and minutes relating to the proceeding will be kept at Group headquarters under the care of the Chairperson of the Committee.

#### ***74. Time***

The person presenting the complaint has the right to be informed within 30 days from the moment of the complaint of the Committee's decision to either proceed with or drop the complaint.

Should a decision to take action be made, the Committee has 60 days in which to deliberate on the matter.

#### ***75. Investigations***

The Committee has the duty to carry out investigations and call witnesses who will permit the issuing of a reasoned judgement.

The Chairperson and the members of the Committee who have either jointly or separately been delegated by the Chairperson have the right to gather information and to call witnesses in a direct and confidential manner.

Investigations and evidence can be used to explain the final decision taken.

The witnesses must be informed of the fact that their evidence may not be treated as confidential.

All parties involved in the investigation are required to maintain confidentiality.

#### ***76. Confidentiality***

The Committee is responsible for the use of all information relating to the investigation. The person presenting the complaint must be informed of the use of any information brought to the attention of the Committee.

#### ***77. Convocation of the Committee***

The Committee is convoked by the Chairperson whenever he/she deems it necessary.

Any member of the Committee can ask the Chairperson to call a meeting, specifying the reasons.

#### ***78. The Committee secretary***

The Committee can nominate a Secretary to take minutes of the meetings.

The Chairperson can give the Secretary the task of conserving acts, documents and minutes.

The Chairperson and Secretary can avail of an internal technical support for the carrying out of Committee duties.

#### ***79. Submission of acts and minutes***

All documentation relating to Committee activity will be conserved in special areas placed at the disposal of the Committee by Hera and which guarantee security and privacy.

#### ***80. Voting***

All deliberations of the Committee shall be voted upon and decisions taken on the basis of a simple majority.

#### ***81. Relations between the Committee and the Board of Directors***

The acts of the Committee shall be communicated periodically to the Board of Directors and at the annual meeting a special sitting of the Board will make an overall assessment of the ethical condition of the Group and define the relevant lines of action.

Each year the Committee will present to the Board a plan of information and training relating to the contents of the Code and aimed at those subject to it.

***82. Relations between the Committee and company departments***

In cases where the Committee identifies matters which fall under the competency of laws, contracts or regulations, it will defer the issue to the jurisdiction of the competent body.

Whenever the Committee identifies a relationship involving regulations, contracts or rules that fall under the competence of a specific area of management, it may contact the person in charge and inform him/her of the situation.

***83. Committee findings***

At the end of an investigation deriving from a report of Code violation, the Committee alone can issue a judgement concerning the violation or non-violation of the Code.

The judgement may regard single employees or organisational sections of the Group.

***84. Violation judgement***

In cases where, at the end of its investigations, the Committee notes a violation of the present Code and identifies the person or person responsible, it can issue an oral or written censure.

The Committee may decide both the form of the censure and the level of publicity that it deserves.

***85. Communication to interested parties***

The Committee must communicate to the presenters of the complaint the result of the judgement accompanied by an explanation for the decision.

The Committee is not obliged to make public the acts of the investigation.

***86. Validity of the Code***

This Code is valid for three years after which it will be checked and, if necessary, revised by the Ethics Committee with the involvement of workers at every level and in coordination with the Ethics Committee.

The Board of Directors of Hera S.p.A. appointed an Ethics Committee to ensure the distribution and implementation of the Code. The Ethics Committee is also responsible for distributing the regulations and methods of operation of the Committee itself.

All reports and enquiries should be addressed to:

Ethics Committee

Hera S.p.A.

Viale C. Berti Pichat 2/4

40127 Bologna

[comitatoetico@gruppohera.it](mailto:comitatoetico@gruppohera.it)