



CODE OF ETHICS

5TH EDITION

The Code of Ethics of the Hera Group was approved in 2007, and then updated in 2010, 2013, 2016 and 2019.

This fifth edition of the Code was approved by the Hera S.p.A. Board of Directors on 18th December 2019.

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INTRODUCTION TO THE FIFTH EDITION

The history of the Code

This fifth edition of the Code of Ethics is the result of a revision that, like in past years, involved a large group of people who work at Hera. To make their work easier, in spring 2019 we put in order the key aspects of the long process that since 2007 first led to the drafting of the text, and then to the establishment of the Ethics Committee, followed by the different revisions, and lastly to the many activities that developed around the Code. Initially, we thought about a simple chronology that would mark the most important steps. "Three or four pages to make the evolution understood and to refer to the activities and initiatives", it was said. Actually, there were many more pages, about 30, at the end of this chronology, and they only represent a summary of questions and events that if described more in detail would have taken up much more space.

This is stated to justify the fact that this introduction to the fifth edition of the Code will be much more concise than those that preceded it, where the main events of the three-year period just ended or even earlier had to be accounted for. Now those who are interested in doing so can go directly to consultation of that document (Hera, *the 2004-2018 Code of Ethics, documents, associated activities and processes - A chronology with a few comments*, May 2019) to comprehend the wealth and complexity of the path that Hera has started up along its sustainability route for over 15 years, of which the Code of Ethics forms a significant part.

Therefore, in this introduction it is necessary to only account for the most recent, and truly essential, questions.

Ethics Committee and Sustainability

The Ethics Committee has existed since 2007 to disseminate and implement the Code of Ethics. It had three members until November 2018: one director and two social responsibility experts, one of which outside the company. During its meeting of 8 November 2019 the Board of Directors changed the committee's name from *Ethics Committee* to *Ethics and Sustainability Committee*, broadened its scope of responsibilities by assigning it additional sustainability tasks and increased the number of its members from three to four.

This indicates not only Hera's growing sensitivity to sustainability policies, but also sanctions an increasingly evident fact: the "right" conduct - corporate ethics - can be neither achieved nor assessed within the walls of the company, and neither in the most immediate relationships that the company cultivates and administers, for example with customers and suppliers. It does not suffice to highlight the fact that ethical behaviour is measured in the supply chain or in relationships with customers. Today another vision and another commitment are necessary to take on those environmental and social challenges that have such a high level of urgency as to demand everyone's attention, including that of companies. And so, ethical behaviour means perceiving the urgency of these challenges and "taking them upon ourselves" by, at the same time, developing our business activity following an updated approach to CSR that aims at creating shared value. There is no interruption between, on the one hand, the need for good and solid

relationships between employees, obviously treating our customers with politeness, sanctioning every opportunist gesture, and defending labour rights in the company and along the supply chain and, on the other, the need to fight global warming or solidarity with peoples and persons who are in difficulty. Ethics consists of an awareness of the needs and environmental and social emergencies, and a global vision that concerns the behaviour of the company or, better yet, the behaviour of the people who form it, large or small their responsibility may be, has to correspond to this.

The Code and its Committee are thus driven - following this decision of the Board - to raise our sights even higher in order to truly consider all of the company's behaviours. Therefore, there will be an even greater need to establish relationships, discussions and collaboration both inside and outside the company, and this is precisely the reason why the revision of the Code - even more so than in the previous rounds - was carried out with a profound and direct involvement of many people.

Results and methods of the fourth revision

One of the most important aspects, for the Code as well, is the change in name of the Committee, which was necessary for the reasons set out above. Several specific articles and underscoring referring to this important change are found in the Code. In simple words to describe it, the intention of the new Code of Ethics - through the Ethics and Sustainability Committee - is to offer expertise and an extra contribution to the control and guideline activities concerning sustainability, also with reference to Italian Legislative Decree 254/16, in this way supporting the other internal institutions whose task is to validate the sustainability policies, actions and results.

However, it is not an *ex post*, assessment task like for the other laws, but most of all regards the processes, behaviours and - specifically - the procedures, which much match the same principles and values that Hera has set for itself in order to achieve and safeguard its entrepreneurial and social function.

On the other hand, it is an extension consistent with the tradition of the Code and its Committee. It is not necessary to just sanction unethical behaviours, but to also inspire the right ones. This has been the philosophy of the Code ever since its beginning, and it has become consolidated and broadened over time.

In more analytical terms, the main innovations of this fifth version of the Code regard:

- the introduction of the concept of 'sustainability and shared value' into the principles of operation,
- the change in Hera's role regarding the environment, underscoring its commitment to improve and not only respect it,
- the specification of the importance of digital technology in innovation commitments,
- the respect and enhancement of diversities regarding workers, customers and other stakeholders,
- a greater emphasis placed on the commitments for people, corporate structures and society to collaborate and cooperate,

- the promotion of sustainability and of the positive behaviours of customers (not only of citizens), emphasising the need to "work together" and pointing out commitment in partnerships,
- the reference to the creation of shared value and to the environmental, social and corporate governance results as elements to increase the value of the company's stock,
- the reference to the optimisation of the environmental and social policies of the suppliers, taking into account areas for creating shared value in both the qualification and selection phases,
- the broadening of attention paid to the general work conditions of the employees of the suppliers, and not only to health and safety,
- the additional emphasis of the value of integrity, pointing it out in the various chapters of the Code, consistent with the definition of a management system that aims at preventing corruption,
- different amendments improving implementation of the Code.

Lastly, several elements forming a connection with the new Leadership Model were introduced.

Many other amendments introduced in this version of the Code were just as innovative, even if of lesser importance or formality. They come from the experience and observation of the Committee members, the more involved directors and, above all, of the members of the work group formed for the purpose.

A large group of Hera workers worked on the revision. Their involvement in this activity is not recent. All of them took part in the programme "CSR and the Code in day-to-day management", which has served for many years to spread features, functions and potentials of the Code. From the time that these workers participated in that programme, they have been an essential point of reference for the Committee. Their argumentative contribution and their critical sense have served to improve the content and form of the document.

The workers who contributed to this update are: Silvia Bacarani, Teresa Barbera, Sandro Boarini, Cecilia Bondioli, Enrico Bordigoni, Giulia Caramaschi, Mirco Carletti, Lucia Carlini, Giovanni Casadei, Francesca Cavazza, Fabio Ciuffi, Giovanna Coppini, Gabriele Di Donato, Marzia Faggioli, Cristina Gasperini, Valeria Guizzardi, Gian Luca Clemente Melotti, Giuseppe Messinese, Erica Montefiori, Lucia Morcioni, Simona Pelagalli, Cinzia Pozzetti, Michela Ronci, Andrea Rubin, Matteo Seraceni, Barbara Speciale and Daniela Verità.

The work group was coordinated by the Shared Value and Sustainability Department and the Ethics and Sustainability Committee: Karin Bartolotti, Filippo Maria Bocchi, Massimo Giusti, Federica Seganti and Mario Viviani.

Hera, in preparing this Code, took the Davos Manifesto of the World Economic Forum as a source of inspiration (both the first of 1973 and the new manifesto of December 2019) and the following documents of the General Assembly of the United Nations: *the Declaration of Human Rights* adopted in 1948 and the *2030 Agenda for Sustainable Development* adopted in 2015.

With reference to the general theme of corporate social responsibility, Hera also considered the *UNI ISO 26000* guidelines, while it referred to the international standard SA8000 for what concerns work conditions and workers' rights.

Lastly, Hera took into account the formal commitments made during its path to integrate the principles of corporate social responsibility and sustainability in operations, including: joining Global Compact (since 2004), signing the Charter for Equal Opportunities and Equality in the Workplace (in 2009) and the CEOs Call CSR Europe "a New Deal for Europe" (in 2019).

These are sources of inspiration not only for the Code, but also for the policies that the Hera Group adopts and implements.

MISSION, VALUES AND PRINCIPLES OF OPERATION

Mission, values and principles of operation approved by the Board of Directors of the company 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”.

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. In sharing these principles, long-lasting relationships with customers and suppliers, overall transparency in relationships with third parties, and fair recognition of the work of collaborators are established. *(A Group of honest and loyal 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. In Hera's opinion, being transparent means adopting management tools open to dialogue with its interlocutors with the aim of corresponding with the expectations of information and knowledge of the economic, social and environmental impacts of the corporate activities. *(Sincere, clear messages to all stakeholders).*

Personal responsibility

Working at Hera entails a commitment to establishing a relationship of trust with colleagues and, more in general, with all stakeholders. Applying oneself with loyalty and effectiveness in order to achieve corporate goals with the awareness of one's tasks and responsibilities is considered essential. *(Shared commitment 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. *(Doing what we say we'll do)*

Principles of operation

Sustainability and shared value

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 pursues management inspired by preserving and regenerating the resources available to the community, whether they are natural, economic or social, based on the principle of sharing and responsibility to our future generations. *(A company that is built to last, and to 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 organisation, professional competence and culture evolve, having listening to and serving the customer as a point of reference.

Hera operates to ensure continuity of service to its customers while improving the resilience of the networks and plants managed through risk analysis and management.

(Putting customers first, as a trustworthy provider of services and safety)

Efficiency

Hera is committed to quickly pursuing the set goals by introducing the principle of optimisation in every activity: in managing human resources, time, financial and technological resources. *(Promoting the available resources)*

Innovation and ongoing improvement

Hera sets the goal of introducing all aspects of innovation necessary to achieve its mission to all organisational levels, whether they are technological, digital, organisational or managerial. Hera plans to seize all opportunities offered by digitalisation and to promote its spread in respect of people.

Every day Hera works to improve its activities. Hera sets out to support and promote the attitude of improving. *(A team that generates ideas and improvement)*

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 mission and values will be rewarded. Hera plans to promote the spread of information and the spirit of belonging to a single and integrated group through communication.

(Sharing knowledge for self-improvement and improvement)

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 is the guiding principle behind the recognition of the workforce *(Selecting the optimal solution for growth)*

I - VALUES, GENERAL AIMS AND PRINCIPLES

Section 1 - Recipients of the Code, values and principles of operation

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*

Hera adopts these principles of operation:

- sustainability and shared value
- service quality and excellence
- efficiency
- innovation and ongoing improvement
- engagement and optimisation
- will to choose

4. *Definition of ethical behaviour*

Ethical behaviour is defined as acting consistent with the values and principles of this Code.

2 - General aims

5. *Faith in and respect for the Code of Ethics*

For Hera, all relationships are based on trust. Directors, employees and collaborators of Hera must comply with this Code in their everyday behaviour. Any conduct that does not comply with the Code of Ethics is equivalent to a violation of the agreement of trust.

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 develop Hera's social responsibility and be an example to all.

7. Integrity and conflicts of interest

Administrators, employees and collaborators work with integrity, refuse corruption in all of its direct and indirect forms and avoid situations that can represent a conflict of interest between them and the company.

8. Accountability

Hera takes upon itself the task of accounting for its objectives and results, using instruments deemed useful for divulging the shared value generated and the economic, social and environmental impact of its activities. Hera undertakes to innovate these tools over time, bearing in mind changes in the external context and in the needs of its stakeholders.

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

9. 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.

10. Confidentiality of information

The administrators, employees and associates of Hera must consider all information on company activities known to them and that has not yet been made public to be confidential and in the exclusive interest of 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, provides information in advance and carries out specific checks.

12. Value of diversities

Hera undertakes with all stakeholders to promote increasingly extensive sensitivity to diversities, promoting them through an inclusion culture.

13. 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.

14. 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.

15. Collaboration and cooperation

Hera recognises the fundamental value of collaboration and cooperation between workers and the various company structures. Collaboration and cooperation must be based on paying attention to the needs of the stakeholders and on the common interest of the Group. Hera recognises the importance of reciprocity in collaborating with all stakeholders.

16. 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.

17. The environment

Hera recognises the environment as a primary asset and uses the technologies, tools and process best suited to preventing risks, to reducing direct and indirect environmental impact and to preserving and regenerating the natural resources.

Hera promotes caring for the environment with all of its stakeholders.

18. 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

19. Definition of the customer

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

20. 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.

21. Consideration for customer needs

Hera is committed to satisfying actual and potential customers; it bases the relationship on willingness to help, respect, courtesy and sensitivity to differences.

It recognises the value of listening and dialogue, adopts and promotes tools and open channels with a view to ensuring prompt and high-quality information and communication in order to increase the level of mutual cooperation and thereby to improving the quality of services; lastly, it accounts for its actions.

22. Information for and communication with customers

Hera is committed to informing its actual and potential customers 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 while keeping and promoting behaviour marked by propriety and mutual respect.

23. Quality, continuity and guarantee of service provided

Hera guarantees its customers adequate standards of quality, continuity and guarantee of services, committed to their improvement based on the standards set by the authorities of reference. 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.

24. Commitment to sustainability together with customers

Hera undertakes to promote with its customers the smart use of energy and the efficient use of resources in order to generate, together with them, tangible and measurable social and environmental impacts.

25. Management and communication of the quality of service provided

Hera is committed to divulging the qualitative and quantitative indicators on the quality of the service 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 it commits itself to:

- 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.

26. 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.

27. Fairness in contracts and trade relations

Hera guarantees integrity and fairness in stipulating and executing contracts and in its business relationships as a whole.

Hera embraces the provisions of the legislation in force, in the codes of business conduct issued by the authorities of reference and to this regard guarantees adequate training of its personnel.

Hera works to ensure that the sales agents of its agents that come into contact with actual and potential customers behave in keeping with the same rules of fairness that Hera adopts.

28. Prevention of conflict

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

III – RELATIONS WITH EMPLOYEES AND ASSOCIATES

29. 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 type of their relation with the company, has engaged with Hera in a direct relationship aimed at the achievement of company aims.

30. Enhancement of diversities and protection of equal opportunities

Hera undertakes to enhance diversities, to promote inclusion and to increase sensitivity to diversities and equal opportunities.

Hera avoids all forms of discrimination and fights the platitudes that produce it, 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.

All employees are called upon to adjust their behaviour in order to comply with this article.

31. Development of employees and collaborators

Hera 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.

The company values skills, potential and commitment, applies clear, uniform and objective criteria for staff assessment and encourages dialogue between managers and collaborators.

32. Education and training

Hera supports the professional and personal growth of workers. It draws up and implements an annual training plan that combines its mission and strategy with the training requirements defined by the managers.

33. Time management and agile working

Hera is committed to promoting work methods that combine efficiency and effectiveness in the use of time and space with the help of the best suited technologies. Hera is also committed to promoting a work-life balance of time.

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.

34. Attention paid to the private spheres of employees and collaborators

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

Workers are asked for information which solely concerns professional and working requirements.

All employees are called upon to adjust their behaviour in order to comply with this article.

35. 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.

36. Involvement of employees and associates

Starting from its top management, Hera promotes a working environment based on information, also in advance where possible, to and involvement. In particular, it:

- clearly defines company roles;
- provides tools suitable for collaboration and cooperation and encourages their use,
- 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 and channels of communication,
- periodically investigates the company atmosphere and makes every effort to constantly improve it;
- starting from management, promotes exemplary behaviour and positive attitudes.

37. 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.

38. 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. It is the responsibility of the employees and collaborators to protect these assets and to prevent their fraudulent or inappropriate use, also taking into account the rising level that the computer and technological risks distinguish the external context.

39. Conflicts of interest

Consistent with the specific company provisions on the subject, all employees and collaborators must avoid situations in which conflicts of interest may arise and they are required to report potential situations of conflict of interest in which they may be involved to their direct superiors. Likewise, they must abstain from personally benefiting from their position, from information and from the discretionary power connected with their role.

40. 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 and the impact of the digital communication tools available.

41. 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.

42. Protection of the person and relationships between colleagues

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.

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

IV – RELATIONS WITH SHAREHOLDERS AND THE FINANCIAL MARKET

43. 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.

44. The creation of value

Hera is committed to creating medium/long-term value for its shareholders by combining the objectives and economic results with the social and environmental results.

Hera pursues effective control of risks, socially responsible management of the business environments in which it operates and continuous commitment to 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.

45. 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.

46. Information to the shareholders and the financial market

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, also relating to the shared value generated and to the environmental, social and corporate governance aspects.

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.

Communication of information is carried out in compliance with the criteria laid down in the resolutions issued by Consob (Italian Securities and Exchange Commission) on price sensitive information and in compliance with the internal procedures on the subject.

47. Participation of shareholders

Hera undertakes to establish an ongoing relationship with all investor categories through its website and the specific *online* publications, by encouraging direct meetings and those through the figure of the *Investor Relations Manager*, who coordinates and manages all communications pursuant to the article above. The Chairman of the Board of Directors oversees the correctness of this information.

48. 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.

49. 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.

50. 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 undertakes to transfer the generated shared value and the environmental, social and corporate governance result attained through the general approach to sustainability on the share price.

V – RELATIONS WITH SUPPLIERS

51. Definition of the supplier

The suppliers are the people and companies that individually or as part of a chain comprising all subcontractors supply goods, services, supplies and resources necessary to carry out the activities and to provide the services, contributing to reaching Hera's goals. They are all requested to adopt the goals and principles of this Code.

52. Relations with suppliers and social responsibility in tenders

Hera's administrators, employees and collaborators work with the actual and potential suppliers with integrity.

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.

53. Suppliers and the image and reputation of Hera

The suppliers contribute in building the image and reputation of Hera.

The quality of Hera's relationships with the stakeholders is therefore also dependent on the behaviour of the suppliers.

54. Social and environmental policies of suppliers

Hera, both in the qualification stage and in identifying selection criteria, promotes the social and environmental policies of the suppliers keeping the areas of shared value creation identified by Hera as reference.

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.

55. Supplier qualification criteria

The qualification of suppliers is based on the principles of objectivity and fairness, and implemented in accordance with specific procedures. Qualification 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.

56. Selection criteria and tenders

Hera's commitment is to reconcile the search for the most economically 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, and guaranteeing rotation of the qualified suppliers in the private negotiations.

57. Work conditions and occupational health and safety of suppliers

Hera is committed to carrying out monitoring activities, in the forms and ways expressed in its contracts, on the conditions in which the work of the suppliers is performed and to safeguard the health and safety of the employees. Hera ascertains that the requisites of the suppliers match those demanded by law, the policies and the corporate procedures.

58. Supplier evaluation

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

- performance,
- conduct,
- skills,
- impact on the environment,
- occupational health and safety and, in general, the work conditions,
- commitment to adapting and improving performance,
- willingness to accept and facilitate the acquisition of information by Hera, also consistent with the corporate certification systems.

59. Correctness in handling 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.

60. Gifts and perks

Hera administrators, employees and collaborators avoid 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

61. Definition of the local area and the institutions

The term 'local area' means a certain physical space with its landscape and its characteristics: natural and historical findings, settled communities, traditions and cultures, economic organisations and social institutions.

The term 'institutions' refers to public institutions.

62. Relations with the environment

Consistent with its general guidelines and particularly with what is stated in the article "The environment", Hera is committed to:

- adopting certified environmental management systems;
- operating for the prevention of environmental risk and upheaval,
- minimising the use of soil and contributing to its regeneration,
- promoting consciousness reawakening activities and in-house environmental education,
- promoting the diffusion of eco-efficient technologies,
- defining specific improvement programmes aimed at minimising environmental impact;
- recording the actions focused on caring for the environment, also through the identification of key performance indicators,
- distributing in the local area a culture of respect for the environment including through focused initiatives and specific customer services,

63. The contribution of Hera to environmental education and to the circular economy

Hera organises and carries out informative, educational and learning initiatives on caring for the environment. Hera carries out projects for the success of the circular economy and adopts management models aimed at promoting, also through innovation, reduction, re-use, recycling, recovery and regeneration.

64. Relations with the institutions

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

- the situation and changes of rules,
- the Group's activity,
- the quality of services,
- caring for the environment,
- risk prevention.

The administrators, employees and collaborators of the Group interact with the institutions with integrity, and they refuse any undue form of pressure capable of procuring advantages for the company.

The Group adopts a specific organisational model for the prevention of crimes against the public administration. It is also committed to partnerships with institutions for the

preparation of regulations which, targeting the wellbeing of the community, guarantee the sustainability of business operations.

65. 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, and to making available its expertise and experience in order to improve the regulation of the services managed.

66. 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,
- projects partnered with the local area that are able to generate tangible and measurable environmental and social impacts.

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

67. 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 does not make contributions of any kind to political parties or candidates standing election.

It is also committed to providing details of the amounts disbursed and to which main initiatives in its annual Sustainability Report.

68. 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

69. Ethics and sustainability committee

All tasks of dissemination and implementation of the present Code are reserved for the Board of Directors, which appoints a Committee of four members including at least one independent director of Hera S.p.A., the Director of the Shared Value and Sustainability Department and at least one outside member expert in social responsibility and sustainability.

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.

70. 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.

71. 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.

72. 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. Relations with the Overseeing Body stipulated by Italian Legislative Decree 231/01 will be ensured 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.

73. Committee power limits

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

74. 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.

75. Procedures following communication by third parties

Everyone is required to point out and report possible conduct conflicting with the Code of Ethics.

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.

76. 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 Hera headquarters under the care of the Chairperson of the Committee.

77. Time

The person presenting the complaint has the right to be informed within 60 days from the moment of the complaint of the Committee's decision to either proceed with or drop the complaint.

When a decision to take action is made, the Committee has an additional 90 days in which to deliberate on the matter.

78. Investigations

The Committee has the duty to carry out investigations and call witnesses, the parties involved including those presumed responsible for the violations, in order to 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.

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

79. Confidentiality

The Committee protects the confidentiality of the identity of the whistleblower and is responsible for using all information pertaining to the preliminary investigation. The whistleblower and witnesses must be informed that information and evidence given may not remain confidential, subject to their consent and the assessment of the Committee.

Acts of reprisal or discriminatory acts, direct or indirect, against the whistleblower for reasons directly or indirectly linked to the report are prohibited. Said acts are sanctioned consistent with the specific corporate procedures on the subject.

80. 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.

81. 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 and of performing other preliminary investigation functions.

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

82. 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.

83. Voting

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

84. Relations between Committee and executive and control bodies

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 Hera 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.

The Committee may have relations with control institutions, such as the Enterprise Risk Manager, the Control and Risks Committee and the Board of Statutory Auditors.

85. Relations between the Committee and company departments and Group companies

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.

86. Committee findings

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

Based on the results of the preliminary investigation, the Committee determines whether to issue a communication aimed at promoting solutions and positive behaviours by establishing, if deemed necessary, a dialogue with the interested parties in order to search for the most appropriate solutions.

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

87. Official reprimand

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 official reprimand.

The reprimand may be in writing or verbal.

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

88. Communication to interested parties

The Committee must communicate the result of its judgement, duly grounded, to the whistleblowers, anyone responsible for the violation and the parties most directly involved.

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

Those who based on the complaint are indicated as responsible for violation of the Code, or those who the preliminary investigation has identified as being responsible, in any case have the right to be listened to by the Committee before a judgement is handed down.

89. 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 and Sustainability Committee.

The Board of Directors of Hera S.p.A. appointed an Ethics and Sustainability Committee to ensure the distribution and implementation of the Code. The Ethics and Sustainability 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 and sustainability committee
Hera S.p.A.
Viale C. Berti Pichat 2/4
40127 Bologna
comitatoetico@gruppohera.it

The term "Hera" in the Code of Ethics means all companies of the Hera Group that have adopted the Code of Ethics.