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Preamble

The Supplier List is the list of qualified suppliers from which the Hera Group draws from time to time the economic operators to be invited to submit competitive quotes for negotiated procedure purchases, without prior publication of a call for tenders, or for direct award, in line with the provisions of the current public procurement legislation. The use of the Supplier List is also based, where applicable, on the principle of rotation of the suppliers that are asked to submit their quote.

The Hera Group also uses the Supplier List to draw, from time to time, at its own discretion, the economic operators to be invited for procurement falling outside the scope of the Public Procurement Code.

The purpose of these Rules is therefore to inform the economic operators wishing to be invited to participate in the Group's purchasing procedures of the principles governing the possibility of being included in the Supplier List, remaining on it, or being removed from it.

Registration in the Hera Group Supplier List is carried out, starting from the interested economic operator's application, exclusively on the **Hera_Pro** software platform. The processes for maintaining the registration obtained or for its cancellation are also managed on this platform.

This platform is also an interactive tool for dialogue and interaction between the Hera Group and the economic operators for the management of all aspects of contracting and document exchange.

Economic operators can access the platform through the Suppliers page on the Hera Group's website, to perform the following actions: ■ obtain registration; ■ increase over time the product/service segments they are approved for, thus expanding their business opportunities; ■ make an offer; ■ obtain information on their rating based on their supply history with the Hera Group etc.

Through this tool, the Hera Group intends to strengthen its partnership relationship with interested economic operators so as to drive the continuous improvement of operations, mutual business growth and, consequently, the creation of shared value. By being registered in the Supplier List, economic operators fully accept the partnership relationship set out above.

The Hera Group may set some limits on the application of these Rules for categories of Suppliers with which it is not possible to fully establish the partnership relationship referred to above (e.g.: institutional entities, Hera Group companies, etc.).

Lastly, Hera Group guarantees that the data provided by the economic operator for registration in the Supplier List and related activities will be processed in compliance with Regulation (EU) 2016/679 as amended and supplemented (GDPR).

1. Using the Hera_Pro software platform

To facilitate the use of the software platform, the Hera Group makes available to economic operators documents explaining the various uses and benefits of the platform on the Suppliers page of the Hera Group website at <https://www.gruppohera.it/gruppo/fornitori/manuali-hera-pro>.


2. Registration in the Supplier List

2.1 Registration upon application by the Economic Operator

The Hera Group has classified its purchasing requirements (goods, services, works) into product groups (PGs) and has assigned a specific code to each of them.

The full list of PGs codified and in force at any given time is published on the Suppliers page of the Hera Group website at https://eng.gruppohera.it/group_eng/suppliers/becoming-a-supplier.

The Hera Group enters an economic operator in the Supplier List, necessarily with reference to one or more PG, only after having ascertained that the operator complies with the Standard requirements

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(common to all PGs) and Specific requirements (specific to each PG) prescribed for qualification in that given PG.

Economic operators wishing to apply for registration in the Hera Group Supplier List must take the following steps:


- a) access the Suppliers section of the Hera Group website https://eng.gruppohera.it/group_eng/suppliers;
- b) go to the link to the Hera_Pro platform;
- c) accept the “Privacy Policy for Hera Group Suppliers pursuant to Article 13 of Regulation (EU) 2016/679 (GDPR)”;
- d) register your company details by providing information on your company (*country, company name, legal form, tax identification no., VAT no., full address of administrative headquarters, company email address, certified email address*), your contact person/username data (*first name, last name, email address, mobile and landline telephone number, preferred language, time zone*) and some additional information (*e.g. type of invoicing, etc.*);
- e) after receiving the user ID and Password provided by default by the system to the contact person/username email, re-set your Password as indicated.

Once the account is activated, the economic operator can access the Hera_Pro platform to perform the following operations:

1. select the PG(s) of interest;
2. make/upload in your reserved area, EXCLUSIVELY in the sections of the special computerised qualification system, all the declarations and documentation requested therein, according to the standard and specific requirements assigned to the selected PG(s), and, finally, save them, i.e. make them available to the Hera Group function responsible for receiving them. Doing so also implies the mandatory acceptance of the following documents: the “E-procurement Regulation” and this “Information note on the management of the Hera Group Supplier List”;
3. communicate and interact with the Hera Group function in charge of the qualification process exclusively through the “qualification chat” made available on the Hera_Pro platform.

After the economic operator has completed the above steps, the Hera Group will conduct the qualification process by carrying out the following activities:

- I. examining, in the light of the Standard and Specific qualification requirements for the PG(s) chosen by the economic operator, the declarations and documentation made/uploaded by the economic operator;
- II. if the declarations and/or documentation are found to be incomplete or not compliant with what is required for the reference PG, the Hera Group will contact the economic operator, through the platform’s “qualification chat”, requesting the necessary declarations and/or supplementary or clarifying documentation and setting a maximum time limit of 7 (seven) days for their submission. The Hera Group has the right to automatically correct fields that contain information differing from that contained in the corresponding documents/certifications submitted by the same economic operator; in this case the system will notify automatically the economic operator of the correction made and - unless the economic operator responds promptly on the platform’s “qualification chat” - the correction will be deemed as accepted by both parties;
- III. if the examination referred to in point I. (possibly supplemented by the provisions of point II.) shows that the declarations and/or documentation are complete and consistent with the requirements for the relevant PG and any checks carried out on the declarations and/or products have had a positive outcome, the qualification process is concluded by registering the economic operator in the Hera Group Supplier List for that PG and notifying the operator accordingly;
- IV. if this is not the case (*i.e. if the declarations and/or documentation are complete, but show that the necessary requirements have not been met in part or in full, or declarations and/or the documentation*

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is still incomplete) the Hera Group will end the qualification process by giving the economic operator formal and reasoned notice of refusal to enter it in the Supplier List for that particular PG.

2.2 Alternative registration procedures

An Economic Operator not already registered in the Hera Group Supplier List according to the procedures set forth in paragraph 2.1 will be registered in such list if:

- a) it has responded to a public notice of the Hera Group for the establishment of a Qualification System pursuant to the Public Procurement Code and obtained the relevant registration;
- b) it has been successful in a public tender procedure launched by the Hera Group;
- c) it has been identified as a Partner of the Supplier, i.e. it has been named/authorised/communicated in a procedure/contract as (both in the scope governed by the Public Procurement Code outside the scope of the Code) as:
 - Consortium member entrusted with the performance of the contract, where the Supplier has the form of a Consortium;
 - Entity entrusted with the performance of the contract, under a network contract or a European Economic Interest Grouping (EEIG) contract;
 - Principal in a temporary grouping of companies, as part of a procedure by invitation (negotiated procedure, without prior call for tenders), or a call for tenders (governed by the Public Procurement Code);
 - Subcontractor or Subsupplier.

In the case of registration through the process described in point a, if the entity is established in the form of a temporary grouping of companies, both the Lead Company and each Principal will be registered in the Hera Group Supplier List.

Registration in the Supplier List via the route referred to in points b) and c) does not allow the economic operator to be invited to the procurement procedures indicated in the Introduction.

3. Maintenance of qualification requirements

3.1 Commitment to maintain requirements

The Supplier registered in the Hera Group Supplier List, in line with the commitment made at the time of qualification, is required to systematically update the declarations made as well as the certified copies of the certifications submitted at the time of qualification and thereafter in order to maintain such qualification. The need to update the information may arise from intervening changes in factual and/or legal situations after the qualification or from the expiry of the validity of individual certifications. To update the documentation, the Supplier must fill out/upload the changes in the relevant sections of the Hera_Pro platform qualification system.

The Supplier will also be asked to update the documents by the following functions of the Hera Group within the scope of the respective processes.


3.2 Procurement process

Hera Group's Procurement Function, as part of the management of procurement processes related to the Public Procurement Code, will ask the Supplier to submit, together with the quote, ex novo evidence of the continued existence of the status and conditions of the standard requirements (general requirements of the Public Procurement Code).

3.3 Expiration Schedule

Please note that, for each Supplier, the system records the date of expiration of validity of certain certifications/registrations, if held.

Consequently, the competent Hera Group function will ask the Supplier to renew documents about to expire as follows:

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- a) 30 (thirty) days before the expiry date of the document, the system will automatically send the Supplier a reminder with the request to upload the updated document to the system within the following 30 (thirty) days;
- b) if the deadline (and hence the document) expires with no action being taken, the system will automatically block the Supplier, due to non-compliance with requirements, for all the PGs to which the expired Specific Requirement applies and notifies the supplier of this event by email. A blocked Supplier cannot receive invitations to submit a quote and/or receive orders and/or enter into contracts, with the sole exception of purchase order vouchers. If the Supplier blocked for a given PG holds one or more ongoing contracts for that PG, the system sends a warning to the relevant Hera Group functions who will assess any self-protection actions to be taken;
- c) the relevant Hera Group function shall check the document update carried out by the suppliers and the change to the validity expiration date, after the steps referred to in point a). In the event of discrepancies, it will either correct the error itself, if possible, or will refuse to update the requirement and block the Supplier (with the consequences described in point a)), notifying it of such blocking;
- d) the relevant function of the Hera Group will remove the block on a given Supplier, generated as a result of the events in points a) and c), only after:
 - the new required document has been submitted;
 - the new document is found to fulfil the requirement;
 - the validity date has been updated.

4. Duration of the economic operator's registration in the Supplier List

The registration of an economic operator in a given PG of the Hera Group Supplier List, carried out by means of the procedures described in paragraphs 2.1 and 2.2(a), remains in force until the economic operator's withdrawal, which, if expressed, is valid only for that PG. The right to withdraw may be exercised at any time. This has immediate effect and does not affect the continuation of ongoing contracts relating to that particular PG.

The formalisation of this withdrawal will result in:

- the blocking of the Supplier from the PG in which the withdrawal was expressed;
- the storage of the supplier's data in the Hera Group Supplier List, limited to the management of any ongoing contractual relations and related legal obligations.


The withdrawing Supplier may re-enter the qualification process under paragraphs 2.1 and 2.2(a) at any time.

Each year, the Hera Group will record the "total amount" of services/supplies rendered (i.e. recorded by issuing progress reports on works, services or supplies) by a given economic operator for all the PGs in which it is included in the Supplier List, through the methods referred to in paragraphs 2.1 and 2.2(a) and (b), in the previous calendar year.

If this "total amount" falls within one of the ranges indicated below, the Hera Group will invoice the economic operator the corresponding contribution to the management and administrative costs of the qualification process:

- between € >0 and ≤ 250,000 - contribution €0
- between € >250,000 and ≤ 500,000 - contribution €500
- between € >500,000 and ≤ 1,000,000 - contribution €1,000
- between € >1,000,000 and ≤ 2,500,000 - contribution €2,000
- between € >2,500,000 - contribution €3,000

Failure to pay the aforementioned contribution would trigger debt recovery actions and the blocking of the economic operator in each of the PGs for which it is qualified. This block means that the Supplier qualified in the ways set out in paragraphs 2.1 and 2.2(a) would not be consulted in the procurement procedures described in the Introduction.

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5. Monitoring and control of the Supplier

5.1 Control of the declared qualification requirements - Control with audit at the Supplier's plant

The Hera Group may carry out monitoring and control of Suppliers to ascertain effective fulfilment of the standard and specific qualification requirements declared or documented by the economic operator, at the time of first qualification/update, and when filling in (where requested by the Hera Group) ad hoc questionnaires designed to collect information on the business structure and/or its operating methods. This is because, during the qualification process, the Supplier undertakes to provide the Hera Group with the necessary information for the Group to verify the Supplier's compliance with the principles of corporate social responsibility certification and, again at the Group's request, with other certification or regulatory systems (quality/safety/environmental/ energy efficiency standards and other required standards).

Audits are an "event-driven" mode of control, are normally carried out in teams and, as they are conducted at the Supplier's premises or plant, they are announced in advance and agreed upon with the Supplier in a written note containing, as a minimum, the following elements: scheduled dates and times of the audit;

- expected dates and times of the audit;
- location of the requested plant or business premises;
- listing of the macro-objects that will be examined;
- composition of the team.

The audits are only carried out with the express prior consent of the Supplier concerned.

Should these audits reveal that some or all of the certified requirements are not met, the Hera Group reserves the right to take the self-protection measures provided for by law, in addition to asking the Supplier to take specific corrective actions.

5.2 Control of continued compliance with the requirements for registration in the Supplier List

Since the Supplier registered in the Supplier List (see point 3.1 above) is required to systematically update the declarations and certified copies of the certifications made for registration in the list, the Hera Group reserves the right to carry out spot checks ("event-based" checks) on the continued compliance, over time, with the declared requirements.


5.3 Control when issuing an order

At the end of the procurement process governed by the Public Procurement Code, the Hera Group performs "event-based" controls on the Supplier selected for the order, aimed, by way of example, at:

- ▶ verifying the fulfilment of the requirements certified during the process;
- ▶ verifying the production of the documents preparatory to the signing of the contract / issuance of the order;
- ▶ verifying compliance with any pre-contractual obligations assumed during the process (e.g. prior to entering into the contract, demonstration of having a specified quantity/quality of equipment/machinery and personnel for the performance of the contract);
- ▶ ascertaining that the process has led to the issue of contract/order (i.e. no failed issue for reasons attributable to the selected Supplier).

5.4 Control of the Supplier during the performance of the order/contract

The Hera Group, through its Works Supervisor / Contract Execution Director (DEC) / Company Contact Person, shall ensure that the Supplier performs the contract correctly. In addition to accurate and constant quantitative/qualitative monitoring of the service, supervision also consists of "periodic" or "event-based" controls of compliance with the following contractual obligations: ● compliance with safety, environmental, energy efficiency and corporate social responsibility standards; ● compliance with the Hera Group's anti-corruption model; ● possession and maintenance of the necessary authorisations, including those for

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subcontracting, • continuing availability of machinery, equipment and personnel and compliance with the legal requirements concerning workers' pay and social security contributions, etc..

The "periodic" type of control must be recorded:

- Once a quarter, in the event of an order/contract falling within a "High criticality" PG;
- once a quarter in the case of an order/contract concerning goods coded in the warehouse, provided that, during the period, at least 1 entry of goods has been recorded;
- once a half-year, in the case of an order/contract falling within a "Medium criticality" PG;
- once a year, in the case of an order/contract falling within a "Low criticality" PG;

The criticality level of each PG can be found in the file "Product categories open to qualification", which can be found on the Hera Group website at the link: https://eng.gruppohera.it/group_eng/suppliers/becoming-a-supplier.

6. Anomalies detected through Supplier monitoring and control

6.1 Management of detected anomalies

If, during the monitoring and control activities referred to in paragraph 5 above, an anomaly is detected in the Supplier, the Hera Group will initiate a Quality Notice procedure, formally notifying the anomaly detected and asking the Supplier to reply in writing within no more than 5 (five) business days from receipt of the notice.

The Hera Group shall subsequently notify the Suppliers concerned of the closure of the Quality Notice and, if the initial findings have been confirmed in part or in full and cannot be attributed to a mere "Observation":

- of any measure of exclusion from the procedure or withdrawal of the contract (only where the non-conformity (NC) concerns the checks mentioned in paragraph 5.3);
- of the possible implementation of corrective actions;
- of the "severity level" of the non-conformity (*among the following types: minor NC; serious NC; very serious NC*) and the related "penalty index" within the range $1^{(\text{minimum})} - 10^{(\text{maximum})}$.
Where the contract includes an Annex on "Standardisation of non-conformities", the "severity level" and the corresponding "penalty index" are assigned on the basis of that annex;
- of the corresponding decrease in ranking (through the "malus" mechanism), determined as per paragraph 7.1;
- of any penalty imposed;
- where applicable, that the ascertained NC infringes one of the obligations indicated in the Tender Specifications as a ground for the possible "express termination" of the contract, and that the Client reserves the right to apply this termination clause.

Where applicable, the Hera Group will also take the actions provided for by applicable laws and/or regulations (enforcement of guarantees, communications to competent Authorities, etc.).


6.2 Further measures in the event of a "Very serious" NC

In the event of a "Very serious" NC and if additional elements are found, such as, by way of example and without limitation:

- in the previous quarter, the Supplier had incurred other NCs of the same type and of at least "serious" level, or of a different type but of "Very serious" level;
- the NC found breaches tender requirements and/or commitments (*in the case of a procurement procedure governed by the Public Procurement Code*) or breaches the law;

The Hera Group may:

- a) suspend the Supplier, in all the PGs in which it is qualified, for a period of 3 months or 6 months. The shorter suspension for three months is applied if certain mitigating elements relating to the NC are

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found, such as: • the Supplier's good faith in the situation affected by the NC; • the Supplier's cooperative attitude; • the implementation of corrective measures before the time limit set.

Throughout the suspension period, the Supplier, while continuing to perform contracts that are still active, may NOT:

- a.1) be invited by name to procurement procedures (negotiated procedures without prior call for tenders, governed by the Public Procurement Code, and procurement procedures outside the scope of the Code);
- a.2) receive direct orders by name, with the sole exception of already planned contract renewals;
- a.3) take part in the procedures under point a.1) or receive the orders under point a.2) as part of any other company grouping (e.g.: *as part of a temporary grouping of companies; as a consortium member; as a member of a network contract or a European Economic Interest Grouping; as an associated firm or professional or engineering company; as an Auxiliary company; as a Subcontractor; as an executing partner of a Co-operative Company*);
- a.4) take on, directly or as a member of a company grouping, the role of subcontractor and/or subsupplier of operated equipment hire and supplies with installation.

After this period, the suspension is lifted and the Supplier is readmitted to its former qualification status. During the suspension period, the Supplier's rating is still subject to the review mechanism provided for in paragraph 7.

- b) the permanent blocking of the Supplier, in all PGs in which it is qualified. This measure is applied where the findings indicate that the partnership relationship with the Supplier is seriously jeopardised. In such a case, the Hera Group will consider whether to continue any contracts still in force with the Supplier or how and when to terminate them to the detriment of the Supplier. With this type of blocking and until the measure is lifted, the Supplier is subject to all the limitations of suspension set out in a.1), a.2) without the exception provided therein, a.3) and a.4).

The Hera Group will formally notify the Suppliers concerned of the relevant measures taken.

6.3 NCs by the Supplier's Partners

In light of the fiduciary nature of the relationship between the Supplier and the Supplier's Partners (as defined in paragraph 2.2(c)), if any NC by the Supplier's Partner is found, the Hera Group may issue the suspension/blocking measures referred to in points a) and b) of paragraph 6.2 also against the Supplier holding the contract.

7. Supplier assessment

The Supplier assessment process is based on the mechanisms, described below, of Vendor Performance Rating and Predictive Vendor Rating.


7.1 Vendor Performance Rating

The Vendor Performance Rating (**VRPE**) mechanism applies to all the Economic Operators included in the Hera Group Supplier List by means of the procedures described in paragraphs 2.1 and 2.2(a) and (b).

Economic Operators registered as Partners of Suppliers (*path mentioned in paragraph 2.2(c)*) do not have a VRPE.

However, any NCs incurred by a Partner are recorded in the system, in the relevant PG, with the corresponding "severity level" and "penalty index".

If said Partner is subsequently registered in the Hera Group Suppliers' List through the procedures described in paragraphs 2.1 and 2.2(a) and (b), any NC closed against it in the previous 12 (twelve) months will result in lowering of its initial VRPE (score) in the Hera Group Suppliers' List, in the manner described below, if registered for the same PG in which the NC was detected.

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In any case, as specified in the WEIGHTING COEFFICIENT table referred to in the MALUS (SUB) CALCULATION, any NCs incurred by the Partner will also impact the Supplier holding the contract, in terms of both the revision of the Performance Rating and, pursuant to paragraph 6.3, the possible penalties that may be issued by the Hera Group.

When the Economic Operator is registered in a given PG of the Supplier List in question, the Hera Group will assign it a VRPE entry value of 50 points.

Subsequently, this score is subject to changes due to the outcome of the controls referred to in paragraph 5. which may record decreasing and/or increasing values of the aforementioned score.

If the control has led to the opening of a Quality Notice, the registration of the decreasing and/or increasing value takes place ONLY at the time of the closure of the same Quality Notice; otherwise (control without the opening of a Quality Notice) the presence of a compliant control checklist is assumed.

The update of the VRPE score in a given PG is carried out on a monthly basis, taking into account decreasing (Malus) and increasing (Bonus) values recorded in the month, on that PG, using the following formula:

$$VRPE^1 = VRPE^{-1} + (BONUS - \Sigma MALUS^{-TH})$$

where

VRPE¹ = Updated Vendor Performance Rating score

VRPE⁻¹ = Previous Vendor Performance Rating score i.e. to be updated

ΣMALUS^{-TH} = algebraic sum of all possible decreasing values ("MALUS") recorded in the month

BONUS = any increasing value ("BONUS") recorded in the month.

Given the distinction made in paragraph 5. between "event-based" and "periodic" controls and that in each contractual period indicated in paragraph 5.4 (quarter, half-year, year) only one "periodic" control is carried out, it should be noted that any additional controls activated are only "event-based".

The "event-based" control can record decreasing values of the VRPE, only after the closure of a "Quality Notice" confirming a NC, according to the methods described in the "MALUS" (SUB) CALCULATION or no decreasing value (*control carried out without opening a Quality Notice or with a cancelled or closed Quality Notice, classifying it as an "Observation"*).

The "periodic" control can record decreasing values of the VRPE, only following the closure of a "Quality Notice" that confirms a NC, according to the methods described in the "MALUS" SUB (SUB) CALCULATION and, at the same time, can cause an increasing value of the VRPE according to the conditions described in the "BONUS" SUB (SUB) CALCULATION.

"MALUS" (SUB) CALCULATION

After a quality notice is closed (see paragraph 6.1.), if a NC was found, the management system will lower the Supplier's VRPE score by deducting a "MALUS" value according to the following formula:

$$DPT = (IP * FR) * C^{WEIGHT}$$

where

DPT = is the "MALUS" deduction from the VRPE score deriving from the NC addressed by the quality notice.

The result of the calculation is rounded down to the nearest whole unit in the case of a product with a decimal < 5 and is rounded up in the case of a product with a decimal ≥ 5

IP = is the penalty index, associated with the NC in question, included in the range 1^(minimum) – 10^(maximum)

FR = is the "REPARAMETERISATION FACTOR" (*as defined below*)

N.B.: in the case of a Quality Notice issued in relation to the controls referred to in paragraphs 5.1, 5.2 and 5.3, the "Reparameterisation Factor" is conventionally assumed in an amount equal to "1"


C^{WEIGHT} = is the "WEIGHTING COEFFICIENT" (*as defined below*)

N.B.: the product IP*FR must be rounded up to the unit before being multiplied by C^{WEIGHT}

REPARAMETERISATION FACTOR

The "reparameterisation factor" derives from the application of the following formula:

$$FR = (ICAQ / \Sigma ICGM) * (1 / DCAQ)$$

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where

FR = is the reparameterisation factor

ICAQ = is the amount of the contract subject to the Quality Notice

ΣICGM = is the sum of the amount of all the contracts that the Supplier has in place, on the date of the "event-based" or "periodic" control, in the PG of the contract covered by this Notice

N.B.: in the case of a contract covered by more than one PG, the PG of the first line of the contract is taken as a reference


N.B.: in the case of a Contract of which a Person organised in a multi-subjective form is the owner, the value ΣICGM of the parent company or consortium is also assumed for each of the remaining entities of the structure (principal, executing consortium, adherent to the network or EEIG contract, subcontractor, subsupplier)

DCAQ = is the duration of the contract, subject to a Quality Notice, expressed in number of years rounded to the nearest unit.

WEIGHTING COEFFICIENT

The NC detected in a Supplier's Partner (*in the meaning of paragraph 2.2*) results in a score reduction ("MALUS") also for the Supplier holding the contract or the Supplier participating in the procedure subject to the Quality Notice. To weight the calculation of the "MALUS" for both the Supplier's Partner and the Supplier, the weighting coefficients in the table below are applied. If the NC concerns directly an individual Supplier, Lead company, or Consortium, the weighting coefficient (C^{Weight}) is 1.0.

Entity that incurred the NC detected	Legal form of the Supplier and Context	Weighting coefficient (C^{Weight}) to be applied to:	
Principal	Temporary grouping of companies by Qualification System	Lead company $C^{Weight} = 0.2$	Principal $C^{Weight} = 0.8$
	Temporary grouping of companies by Negotiated Procedure or Call for tender - condition of Supplier's Partner	Lead company $C^{Weight} = 0.2$	Principal (Supplier's Partner) $C^{Weight} = 0.8$
Executing consortium member (Supplier's Partner)	Consortium	Consortium $C^{Weight} = 0.2$	Consortium member $C^{Weight} = 0.8$
Participant (Supplier's Partner)	EEIG / Enterprise Network	EEIG / Enterprise Network $C^{Weight} = 0.2$	Participant $C^{Weight} = 0.8$
Subcontractor or Subsupplier (Supplier's Partner)	Temporary grouping of companies by Qualification System	Lead company $C^{Weight} = 0.3$ E Principal related to subcontract/subsupply $C^{Weight} = 0.3$	Subcontractor or subsupplier $C^{Weight} = 0.7$
	Temporary grouping of companies by Negotiated Procedure or Call for tender		
	Single Supplier	Single Supplier $C^{Weight} = 0.3$	

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	Consortium / EEIG / Enterprise Network	Consortium/EEIG/Enterprise Network C^{Weight} =0.3 E Consortium member or Participant related to subcontract/subsupply C^{Weight} =0.3	
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EXAMPLE OF APPLICATION

SITUATION FOUND:

- "VERY SERIOUS" NC, WITH PENALTY INDEX OF 8 APPLIED;
- CONTRACTOR REPRESENTED BY "CONSORTIUM A" AND NC DETECTED ON "SUBCONTRACTOR X" RELATED TO "CONSORTIUM B";

POINT DECREASES APPLIED (PENALTY INDEX * RELATED WEIGHTING COEFFICIENT):

- SUBCONTRACTOR X – **6 POINTS** (8*0.7)
- CONSORTIUM MEMBER B - **2 POINTS** (8*0.3)
- CONSORTIUM A - **2 POINTS** (8*0.3)

"BONUS" (SUB) CALCULATION

Once the "periodic" control has been carried out (see paragraph 5.4), the management system gives the Supplier an increasing "BONUS" value of the VRPE score deriving from the following calculation:

$$IPT = CO^{BONUS} * (ICCP/\Sigma ICGM) * 1/DCCP$$

where

IPT = is the increasing value of the VRPE score deriving from the outcome of the periodic control carried out. The result of the calculation is rounded up to the nearest whole unit

CO^{BONUS} = is the coefficient corresponding to one of the following outcomes of the periodic control carried out:

- 5^(*) in case of: ●No opening of Quality Notice; ●Quality Notice deleted or closed classifying it as "Observation"
 - 4^(*) in case of: ●Quality Notice closed with "minor NC"
- (*) the value is doubled in the case of medium criticality PG (half-year control) and quadrupled in the case of low-criticality PG (annual control)**

ICCP = is the amount of the contract subject to the Periodic Control carried out

ΣICGM = is the sum of the amount of all the contracts that the Supplier has in place, on the date of the Periodic Control, in the PG of the contract subject to this check


N.B.: in the case of a contract covered by more than one PG, the PG of the first line of the contract is taken as a reference

N.B.: in the case of a Contract in the name of an Temporary Grouping of Companies, the ΣICgm value of the parent company is also assumed for each principal

DCCP = is the duration of the contract, subject to the Periodic Control carried out, expressed in number of years rounded up to the unit

7.2 Predictive Vendor Rating

A Predictive Vendor Rating score is calculated for the Supplier registered in the Hera Group Supplier List, with the procedures described in paragraph 2.1 and 2.2(a), taking into account, for example and without limitation, elements such as: ●Economic and financial rating; ●ISO 9001 certification; ●ISO 14001 certification; ●ISO 45001 certification; ●SA 8000 certification; ●ISO 50001 certification; ●ISO 37001 certification; ●ISO 27001 certification; ●Legality rating; ●Supervisory Body pursuant to Legislative Decree

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no. 231/01; •Reduction in INAIL rate in the last quarter; •Ratio between permanent employees and total number of employees; •ESG parameters.

8. Implications of the Supplier Rating

The Supplier can view at any time, on the Hera_Pro platform, its own predictive rating score and - for each PG in which it is qualified - its performance rating score. These ratings are used independently according to the rules described below.

8.1 Supplier reliability level and access to procurement processes

The performance rating and predictive rating values of a given Supplier included in the Hera Group Supplier List places it in the relevant area of the table below:

<i>Reliability table</i>		
Type of area	Score range	Reliability level
GREEN Area	= 80 pt and ≤ 100 pt.	very reliable
	≥ 50 pt. and < 80 pt.	reliable
YELLOW Area	≥ 35 pt. and < 50 pt.	moderately reliable
	≥ 25 pt. and < 35 pt.	sufficiently reliable
RED Area	< 25 pt.	critical

The area in which the Supplier is located is significant for the purposes of the possibility:

- a) of being invited to negotiated procedures for that PG (*procedures without prior publication of a tender notice falling under the Public Procurement Code*);
- b) of having a current contract, belonging to that PG, renewed;
- c) of receiving direct orders for that given PG as well as of the possibility of participating in a procedure without prior call for tenders (for that PG), in any grouping with the economic operator invited to participate (*examples of aggregate form: temporary grouping of companies; Consortium or Cooperative Company; Network contract grouping or part of an EEIG; associated firm or Professional or Engineering Company; Auxiliary company*);
- d) of assuming, either directly or as a member of any grouping (*see above examples*), the role of subcontractor and/or subsupplier of operated equipment hire and supply with installation contracts under that PG.


The Hera Group restricts the possibilities of accessing the procedures referred to in points a), b), c) and d) for Suppliers with a predictive rating and/or a performance rating of less than 25 points. The Hera Group reserves the right to derogate from this condition, if the value of the Supplier's predictive Vendor rating is lower than this limit, in specific procedures in which it considers the derogation itself as appropriate and/or necessary to protect its interests.

8.2 Possibility of Performance Rating Recovery

A Supplier whose performance rating has fallen below 25 points may request the activation of a path aimed at demonstrating that it has resolved the issues that caused the downgrade ("recovery plan").

The recovery plan can only be activated if the following conditions are met:

1. a formal request by the Supplier, accompanied by a report listing the anomalies recorded in the last 12 months and an analysis of the causes and a description of the structural corrective actions planned or already implemented by the Supplier;
2. in the case of a previous successfully concluded recovery plan, that at least 10 months have elapsed from the date of that conclusion to the date of the request for activation of the new plan. After the second (2nd) recovery plan, even if successfully carried out, the Supplier may no longer benefit from

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this option for 24 months after the date on which its performance rating has again fallen below 25 points.

If the above conditions are met, the Hera Group will liaise with the requesting Supplier to agree, also on the basis of the report already submitted, on the content and timeframe (normally a total of 60 days) of the various corrective actions required, and on how their effectiveness will be verified. The Hera Group will keep written records of the interaction with the Supplier (correspondence, minutes of meetings, minutes of audits, formal decisions) concerning the recovery plan.

If, at the end of the activities, the expected corrective and improvement measures are found to have been duly planned and/or implemented, the Hera Group will determine the successful conclusion of the recovery plan and will consequently assign to the Supplier, in the relevant PG, a performance rating of 35 points in place of the pre-recovery plan rating. Conversely, in the case of failed or inadequate implementation of the expected corrective measures, the Hera Group shall determine the UNSUCCESSFUL conclusion of the recovery plan. In either case, the Hera Group will formally notify the Supplier concerned of its decision.

8.3 Shortlisting in invitation procedures

For procurements governed by the Public Procurement Code, to be carried out through a negotiated procedure without prior publication of a call for tenders, the Hera Group draws up a shortlist of suppliers to be invited to participate in the specific procedure using the selection method set out in the Hera Group procedures. This method takes into account both the PG of the product or service to be purchased and the economic operators registered in the Supplier List for that PG and their performance and predictive vendor rating scores, when equal to or higher than the minimum values set forth in paragraph 8.1.

The selection method is also aimed, on the one hand, at identifying a number of operators at least equal to that indicated by the legislation in force and, on the other hand, at ensuring the rotation of the suppliers consulted for the relevant product category.

Summary results of the application of the above selection criteria are published on the following website, updated every six months: https://eng.gruppohera.it/group_eng/suppliers.

9. Renewal of the Supplier List

The Hera Group periodically renews its Supplier List in line with the principles of openness to the market, equal treatment and non-discrimination of economic operators. This process is a necessary prerequisite for pursuing the constant improvement of the quality level of the Supplier base as well as the efficiency and cost-effectiveness of procurement.

In the light of the above, the Hera Group selects, on an annual basis, from among the economic operators registered in the Hera Group Supplier List, those for which BOTH of the following conditions are met between the beginning of the previous calendar year and the date of the selection in question:

- a) no consideration was recorded (payments based on works progress reports, services or supplies) for any of the PGs for which the Supplier is qualified;
- b) the Supplier did not submit a quote in any procedures to which it was invited.

After selecting the Suppliers meeting the above-mentioned conditions, the Hera Group reserves the right to terminate their registration in the Hera Group Supplier List without any notice or subsequent communication to them.

The Supplier affected by the closure measure may apply again for re-registration in the Hera Group Supplier List.