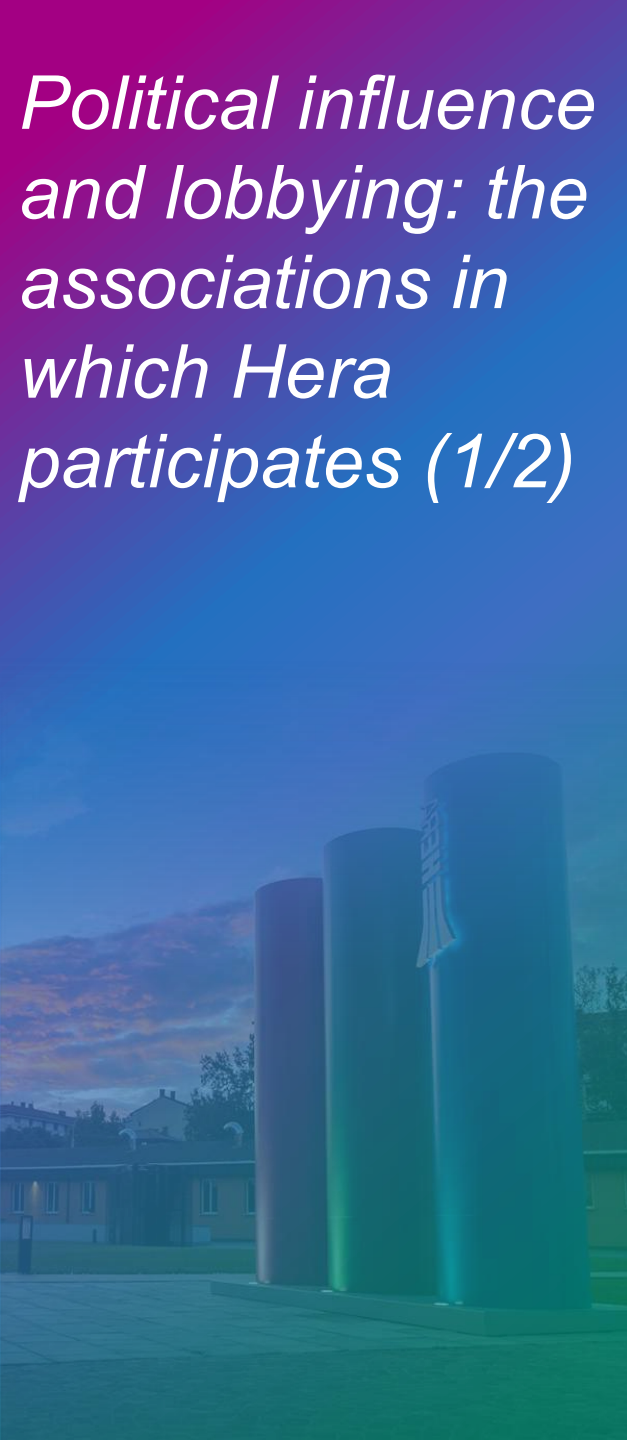


Lobbying and Trade Associations - Climate Alignment

Solid infrastructures for a long-term sustainable strategy

Photo by Silvia Camporesi: construction phase of the biomethane plant of Sant'Agata Bolognese



Political influence and lobbying: the associations in which Hera participates (1/2)

The Hera Group is engaged at the highest levels of organizations that represent the local public service system, primarily **Utilitalia**. Hera plays an active role in the association's initiatives and enhances its institutional communication by designating its representative to various round tables established with regulators by these associations. For example, Hera conducts training events for Utilitalia, including in the area of climate change

At the **regional level**, Hera is involved in Confservizi Emilia-Romagna, Confservizi Tuscany, and Confservizi Veneto, which are regional associations for companies and organizations managing local public services. Additionally, it collaborates with Confindustria, Unindustria, and Apindustria across many local areas it services. Hera is also affiliated with multiple associations and foundations focused on energy, sustainability, and environmental issues, and it contributes to research efforts within the public utility services sector.

In the **energy sector**, the Group is a member of the AIRU (Italian Urban Heating Association), RENAEL (National Network of Local Energy Agencies), FIRE (Italian Federation for the Rational Use of Energy), OPG (Open Power Grid Association), Assorisorse (Natural Resources and Sustainable Energy Association), APCE (Association for the Protection of Electrolytic Corrosion), UNI (Italian Standards Body), and CTI (Italian Thermotechnical Committee) and H2it (the Italian association for hydrogen). It also participates in the CIG (Italian Gas Council) activities. On a European level, Hera is involved with the ECC (European Cooperation Council), particularly concerning energy transition matters and through Utilitalia contributes to working groups of CEDEC (the European Federation of local energy companies) and CEWEP (Confederation of European Waste-to-Energy Plants).

Regarding **sustainability**, Hera is affiliated with the Asphi Foundation (which promotes the integration of disabled individuals through Information and Communication Technology) and is part of Impronta Etica (an association for promoting social responsibility among businesses). Furthermore, it is associated with Sustainability Makers (focused on sustainability concerns) and the Global Compact Network Foundation (which advocates for corporate citizenship).

Political influence and lobbying: the associations in which Hera participates (2/2)

The Group also contributes to **research activities in the utilities sector** carried out by leading institutions, either as a commissioning party for specific research or by participating in the scientific debates fostered by such research projects with contributions published in the proceedings Agici Finanza d'impresa, Ref Ricerche and Ambrosetti Club.

In addition, the Group directs its **advocacy efforts towards institutions** on issues oriented towards sustainable development, balancing the maximisation of social well-being with the economic sustainability of businesses. The main items:

- enhance relations with local authorities to consolidate territorial roots with the mission of creating shared value, i.e. economic value for the company and at the same time for the community and the territory;
- **contribute to the energy transition** by supporting the spread of renewable electricity sources and green gases, initiatives related to consumption containment and energy efficiency, as well as experimenting with solutions and business models that favour the start of a hydrogen supply chain and market;
- promoting the development of the circular economy, directing support to the recycling market and the diffusion of secondary raw materials from it;
- identify business solutions and technologies to ecological transition that pursue the general public interest, but which are not yet mature and therefore require forms of public support for market development;
- to direct the action of the national regulator Arera in businesses subject to public regulation, supporting the objectives of management efficiency, environmental and social sustainability, accessibility to services and consumer protection.

Political influence and lobbying: focus on Climate Alignment (1/3)

The Hera Group recently approved 2024-2028 Business plan confirms the objective of creating sustainable value to the benefit of all stakeholders, creating resilient industrial assets even in a scenario characterised by continuous volatility and an increasing frequency of extreme weather events linked to climate change.

22% of total investments will be dedicated to **accelerating the decarbonisation process**, mainly by developing renewable plants, energy efficiency initiatives and projects supporting the transition for stakeholders. In relation to this commitment, and in line with the target of a 37% reduction in climate-altering emissions by 2030 (compared to 2019) validated by the international network Science Based Targets initiative (SBTi), the Hera Group, in its Climate transition plan drafted in 2024, has set itself the goal of achieving Net Zero emissions by 2050.

The Hera Group's Climate transition plan also serves as internal **policy** to guide actions and targets with the aim of achieving net zero emissions status.

All this translates into **numerous actions**, both internal and external, that the Hera Group carries out in line with its model of creating shared value between the company and its stakeholders, to continue along **the path towards carbon neutrality** by reducing direct and indirect greenhouse gas emissions and increasing the resilience of its business activities, assets and infrastructure. This is crucial to help achieve the **Paris Agreement**, which aims to limit the increase in global warming to 1.5 °C above pre-industrial levels and reach net zero emissions across the value chain by 2050.

The **Board of Directors** is responsible for the implementation of this policy, ensuring that business practices are in line with regulations and third-party initiatives.

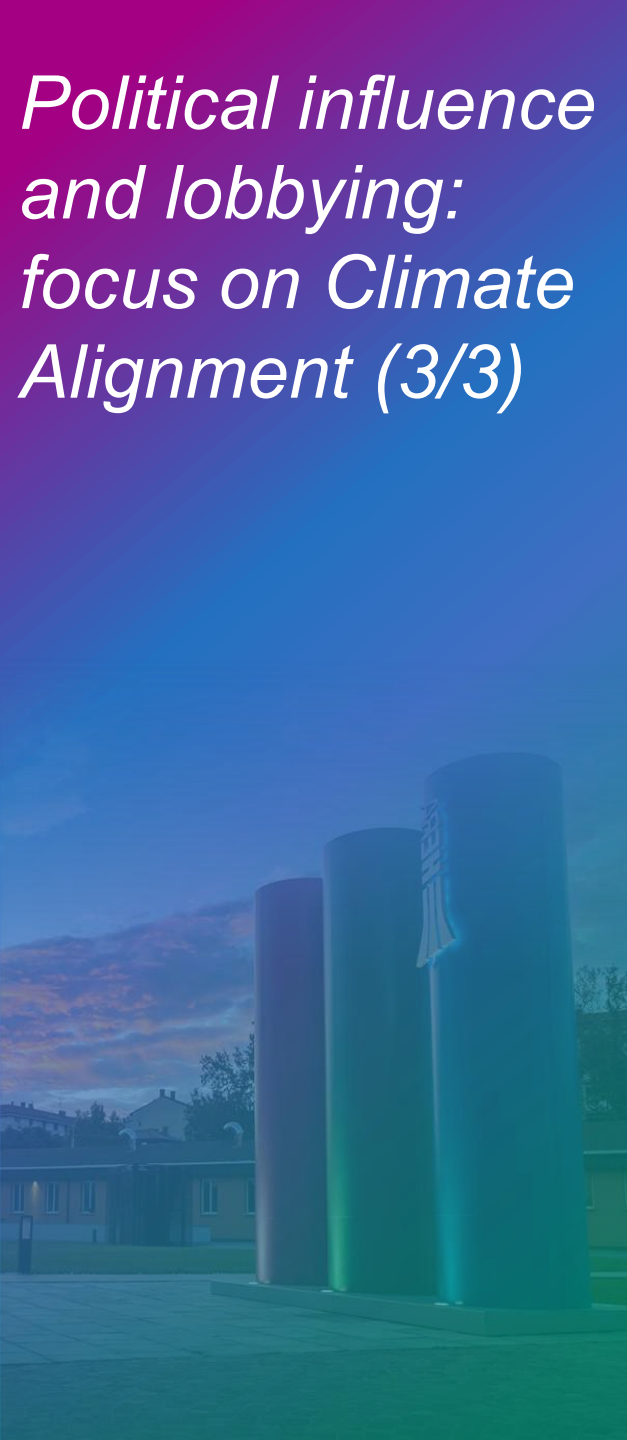
Additionally, the Hera Group emphasizes its dedication to addressing and adapting to climate change in both its Code of Ethics and its Suppliers' Code of Conduct.

Political influence and lobbying: focus on Climate Alignment (2/3)

The Hera Group is aware that in order to achieve concrete results in the fight against climate change, a **collaboration between different local figures and stakeholders is essential**. For this reason, the Group actively involves customers and residents in various environmental sustainability initiatives, carries out internal initiatives intended for people at Hera, and involves its suppliers and partners along the value chain. Furthermore, it actively collaborates with **local and national organisations**, participates in discussion forums, and advocates.

In particular, the Hera Group actively participates in organisations representing local and national public services (e.g. the trade association Utilitalia) to support institutional communication on various topics, including the climate just transition. This participation allows the Group to **actively contribute to the institutional debate with policymakers** on strategies for achieving sustainability and decarbonisation targets, making the experience concretely gained available to institutions, in order to support effective and rapid legislation.

Moreover, the Hera Group implements initiatives aimed at involving local communities. One tangible example is HeraLAB, the **multi-stakeholder board** active since 2013 in seven areas of Emilia-Romagna that facilitates a structured dialogue, listening to local needs concerning different issues, with climate change always among the priorities. Future editions of HeraLAB, in continuity with the 2023 edition, will focus on carbon neutrality, with a focus on energy efficiency, renewables and new energy sharing models, in order to **raise awareness among local stakeholders** on existing opportunities and identify possible areas for **collaboration**.



Political influence and lobbying: focus on Climate Alignment (3/3)

Another example is the #genHERAZIONI programme, a **green loyalty initiative** that aims to actively involve customers and citizens by rewarding their sustainable actions and behaviour. The project aims to nurture relationships over time with current and potential customers and residents, encouraging environmentally friendly choices and behaviour to generate shared value.

The Group has also developed **internal training initiatives** for people at Hera to address the evolution towards new skills related to the transitions underway (digital, energy and environmental), focusing on enhancing skills in the business chains through specific training activities on the energy and environmental transition through professional Academies.

Within its **supply chain**, Hera integrates sustainability criteria into its tenders, with the aim of involving suppliers as well in achieving sustainability targets. A concise **Esg score** is drawn up thanks to questionnaires aiming at evaluating aspects concerning impacts in terms of energy efficiency and use of renewable energy, greenhouse gas and pollutant emissions, circular economy, and efficiency in the use of materials and water resource. The Esg scoring influences the qualification rating which affects the frequency of invitation to privately negotiated tenders. The Group's commitment to involving the supply chain is completed with the recent launch, through the Hera Pro Empower platform, of a **capacity building program** to incentivize the improvement of the suppliers' Esg profile as well as their technical, production and quality capabilities.

As part of the "Code of Conduct – **Supplier Sustainability Agreement**" approved by the BoD, Hera encourages suppliers to adopt systems for calculating or estimating their greenhouse gas emissions in accordance with recognized standards. Additionally, Hera values suppliers that define reduction targets, ideally aligned with the Science Based Targets initiative and the goal of achieving carbon neutrality/Net Zero.

Political influence and lobbying: Bologna Carbon Neutral project (1/3)

Hera plays a key role in developing **Sustainable Energy and Climate Action Plans (PAESCs) for the municipalities it serves**. At this regard, Hera assists municipalities in defining energy sustainability strategies by providing data, analysis, and useful tools for drafting these plans. Moreover, Hera provides **significant investments and innovative projects** for energy transition, as can be seen in the following two examples: Bologna and Padua Carbon Neutral projects.

The Hera Group is **one of the main partners of the Municipality of Bologna** in the commitment that the municipal body signed as part of the launch of the “Climate City Contract” with the aim of **achieving carbon neutrality in Bologna by 2030**.

To achieve this, various interventions have been discussed, which aim to contribute to the reduction of greenhouse gas emissions and which will be included in the Action Plan prepared by the Municipality. In particular:

- **Expansion of district heating networks** through the interconnection of CAAB-Pilastro, Berti-San Giacomo, Navile and Fiera systems: the project involves connecting four currently separate district heating systems by laying approximately 8.3 km of network. The project allows heat to be recovered from the waste-to-energy plant so it can be used for district heating purposes for approximately 139 Gwh/year. 53% of the project is financed by NRRP (National Recovery and Resilience Plan) funds.
- **Power-to-gas:** the project involves the construction of an experimental plant at the main Bologna purifier (IDAR) consisting of:
 - a biological methanation reactor for the production of biomethane from green hydrogen produced in an electrolyser and from sewage sludge and biogas from the Idar digesters;
 - a membrane upgrading system for the production of more biomethane from biogas still coming from the digesters. 84% of the project is financed by NRRP funds and is carried out in partnership with the company Pietro Fiorentini.

Political influence and lobbying: Bologna Carbon Neutral project (2/3)

- **Energy Park for the Tecnopolo Manifattura:** the project involves the construction of a 20 MW Energy park which includes:
 - a shared area of land for both agriculture and agrivoltaic panels for virtuous and synergistic agricultural and energy production for the community;
 - a wooded area for the absorption of carbon dioxide, the protection of biodiversity and a recreational space for residents. The project is set to be completed by 2027.
- **Photovoltaic system at the San Vitale aqueduct plant in Calderara di Reno:** the project involves the construction of a photovoltaic system of approximately 4 MW at the Hera aqueduct plant in San Vitale.
- **Energy efficiency improvement in process sections:** a series of energy efficiency interventions implemented between 2018 and 2022 at the Group's plants, networks and offices such as:
 - Idar purifier (electricity consumption reduced by 459.8 MWh/year);
 - Bologna's primary aqueduct system (reduction in electricity consumption of 796.1 MWh/year);
 - Plants for district heating (reduction of 63.9 MWh/year in electricity consumption and of 440.6 thousand cubic metres/year in methane gas consumption);
 - Installation of LED lamps at Hera offices (reduction in electricity consumption of 116.0 MWh/year);
 - Gas distribution networks (reduction in electricity consumption of 72.6 MWh/year and methane gas consumption of 36.4 thousand cubic metres/year).

Political influence and lobbying: Bologna Carbon Neutral project (3/3)

- **Production of biofuels from used vegetable oils:** circular economy project with the aim of collecting and giving a second life to used vegetable oils in order to produce biofuel of plant origin. The oil coming from urban collection and catering in the municipal area is transformed into HVO (Hydrotreated vegetable oil) biofuel at the Eni Biorefinery in Porto Marghera (Ve). The initiative allows approximately 131 thousand litres/year of biofuel to be produced.
- **Production of biomethane from urban organic waste:** production of biomethane (and quality compost) from the organic portion of solid urban waste in the Sant'Agata Bolognese plant, now active since 2018. The biomethane produced is introduced into the network and marketed as a transport fuel, to power public and private vehicles, including some Hera waste collection vehicles and the Tper public mobility fleet used in the Bologna area (including the shuttles that connect Bologna Airport with the City).

Political influence and lobbying: Padua Carbon Neutral project (1/2)

In 2022, Padua was selected by the European Commission as one of the 100 cities involved in the "**Net Zero Cities Mission**": the capital city of Padua therefore has a pathfinder role, achieving climate neutrality by 2030.

Particularly important in this scenario is the **partnership signed between the Padua city administration and AcegasApsAmga**, a Hera Group company, which provides essential services to the city such as Environmental and Integrated Water Cycle services. This collaboration is a key lever to promote sustainable development in the territory and achieve the ambitious goal within the set timeframe, **designing and implementing actions aimed at decarbonization, emissions reduction and adaptation** of the city to extreme climate events.

It is estimated that, thanks to the various interventions, the multiutility will contribute to a 50 kton reduction in atmospheric CO₂ emissions by 2030.

Starting with the management of **Environmental Services**, in Padua, various innovations aimed at decarbonization, but also at increasing the amount of differentiated waste collection, in order to reach **the target set by the Veneto Region of 84% by 2030**. The main projects have been accelerated resulting from obtaining NRRP funding.

Political influence and lobbying: Padua Carbon Neutral project (2/2)

A **new Collection Center** is planned to further develop separate waste collection and make it easier for citizens to deliver waste, including bulky waste. By 2026, a **new sorting plant** for sorted waste (particularly paper and cardboard) will come into operation at the Corso Stati Uniti site. The plant will consist of a line for the automated sorting of paper and cardboard from separate waste collection. Integrated technologies will be used to obtain high "quality" output material then transported to the relevant consortia. The entire project has been conceived from a green perspective: it will be powered by a photovoltaic system that will avoid the emission into the atmosphere of 58 tons of CO₂ per year.

Finally, the definition of **the development of fleets** with a view to reducing emissions already underway through the experimentation of some electric vehicles in particular for sweeping activities continues.

With regard to the **Integrated Water Cycle**, i.e., aqueduct, sewerage and wastewater treatment services, actions are planned such as the **efficiency of consumption** of pumping stations, **the monitoring and reduction of network losses** (also thanks to smart systems) and the **expansion of the Ca' Nordio purification plant**.

Added to all this is the **installation of seven new biodessicators** (two at Ca' Nordio, one at Abano and four at Codevigo) in the Padua plants: a modern and innovative technology, with low environmental impact and energy consumption, that allows the drying of sludge that comes from the decanting of sewage from city sewers, significantly reducing its volume (about 50%) and consuming much less energy than other traditional systems. In addition to the energy savings with this technology, there will also be significant benefits related to the reduction in the volumes of sludge to be sent for recovery, resulting in a reduction in the movement of heavy vehicles and thus a reduction in CO₂ emissions emitted into the atmosphere.